TRIGGERS MEDIA PUBLICATIONS INC.

TRIGGER$

Economic & Technical Analysis for the Active Trader

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JANUARY 2014

Vol.IV, Issue #1

Public Edition

Public Edition

PRODUCTIVITY PARADOX

The Biggest Redistribution of Wealth from the Middle Class and the Poor to the Rich, Ever - in pictures -

Shane Obata-Marusic

A Shocking Failure of Public Policy

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ON-SALE in 2014: Silver to $16.76, $15.15, then $13.71

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Market Geometry 101

GoldenPhi

January, 2014 - Public Edition

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Public Edition

Welcome to ***TRIGGER$ Free Public Edition*** of our December 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, as well as 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*** & ***SIlver*** 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$!*** **JANUARY 2014** ***VOL.IV, ISSUE #**1*

Thank-you for choosing TRIGGER$! Each month's issue is a full market report giving you the Macro Economic to the Mico Technical on equities, currencies, commodities and the Global Marketplace.

This month's cover article from Gordon looks at productivity, technology and its effects on the economy. His feature article deals with public policy and its implications at home and worldwide.

Shane gives us a visual report on wealth redistribution; Joe Russo looks at the future possibilities for silver; and GoldenPhi offers an introduction to market geometry.

Also note the addition of the HPTZ Method and performance overview – we're hitting targets!

All the usual sections are here to add to your due diligence and offer more perspectives to consider.

Thank-you &
Good Trading
GoldenPhi

TRIGGER$ Media Publications Inc.

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Analytical Summaries: GoldenPhi
Contributing Author: Shane Obata-Marusic

Canadian Society of Technical Analysts

Featured Articles

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Techni - Fundamentalism

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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.

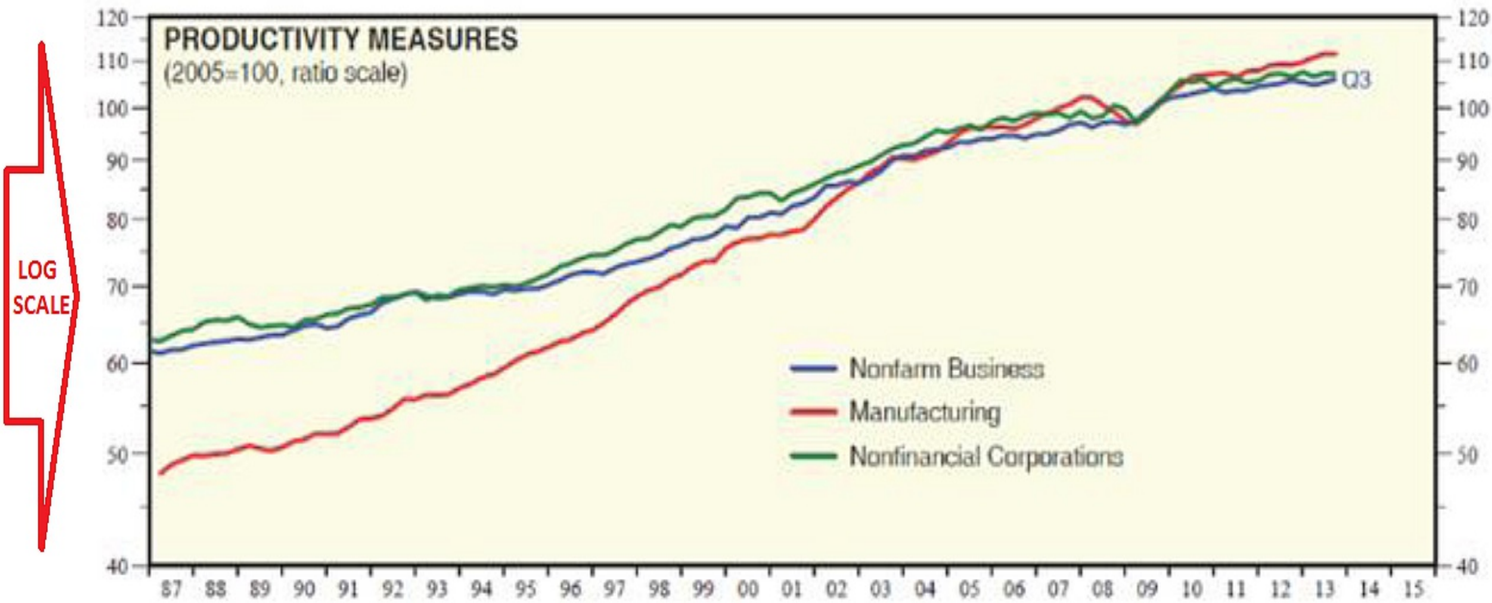
"Techni-Fundamentalism"

PRODUCTIVITY PARADOX

AGGREGRATE REAL DISPOSABLE INCOME GROWTH

The US build an affluent society based on an employed, high earning middle class. It allowed post WWII America to become 70% consumption based economy and the US consumer to become the growth engine for the world.

US productivity advancement has been nothing short of amazing.



(cont pg.5)

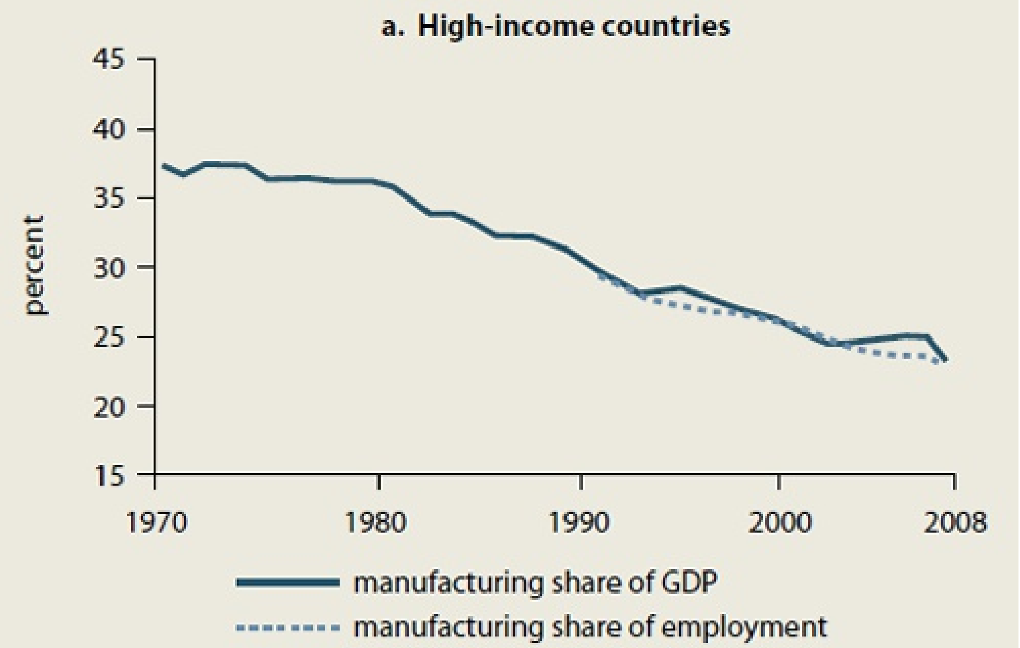
Productivity Paradox (cont.)

Those days have come to end.

The irony is that the tremendous productivity and technology advances are what killed the 'golden goose'!

Approximately 54,000 manufacturing facilities have left America since the height of the dotcom boom in 1999 and the global adoption of the internet. Today the US has a gutted middle class that no longer supports a family on one pay check, has a defined pension, affordable health coverage nor can afford college tuitions for its children. Jobs are scarce and well paying jobs almost impossible to find and keep. What happened?

FIGURE 15 *Manufacturing jobs have migrated away from high-income countries*



Most angry Americans quickly point to China, the Asian Tigers and Emerging Markets and mutter "cheap labor"! Economist say the same thing but with more eloquent language - "Global Labor Arbitrage". Both correct, but unfortunately it is more serious than this as those in China, Asia and EM's are now discovering.

As quickly as jobs arrived in these none developed economies, moved hundreds of millions to urban centers, raised living standards, dependencies and expectations, the jobs are quickly leaving for cheaper labor destinations or being relentlessly automated. Stranded in their urban squalor, like Americans before them they now taunt the same mantra.
Citizens around the world are demanding their political leaders deliver economic growth and the jobs that have traditionally flowed from it. But this is the problem. Like the 'chicken and egg'. Economic growth doesn't come without jobs that allow consumers to spend and jobs don't come without economic growth.

Insufficient jobs or low paying jobs weaken economic income. If you subtract from the pressures on income:
•Inflation,
•Debt payments and
•government payments (Federal, State and Local taxes, licenses, fees, registrations, tolls etc)

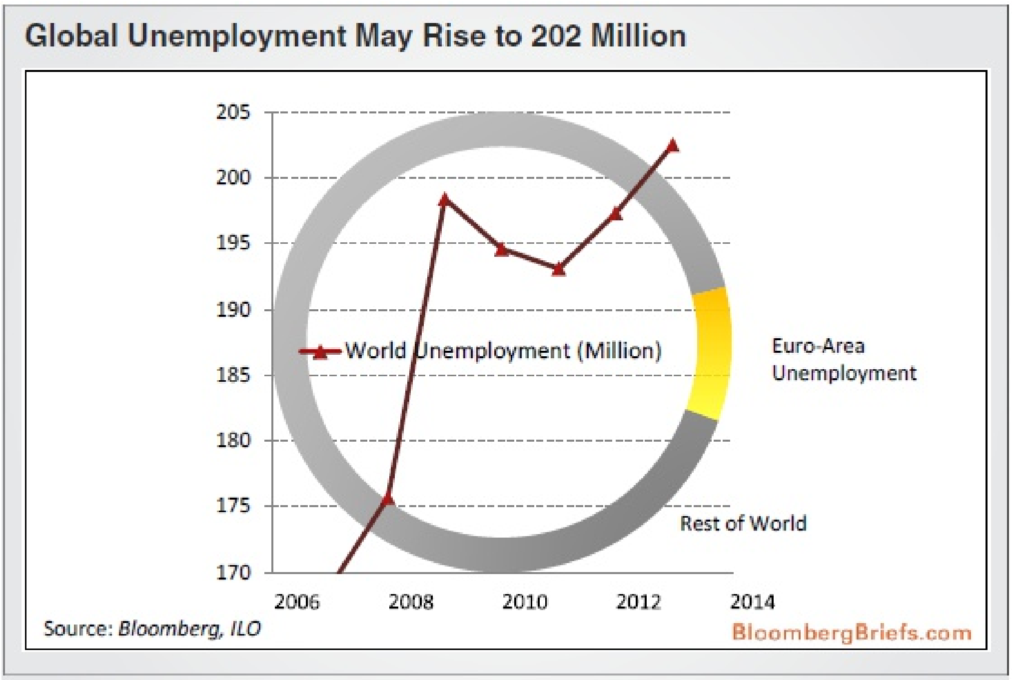
And it is quickly realized that the Total Aggregate Real Disposable Income Growth Rate is now a global problem.

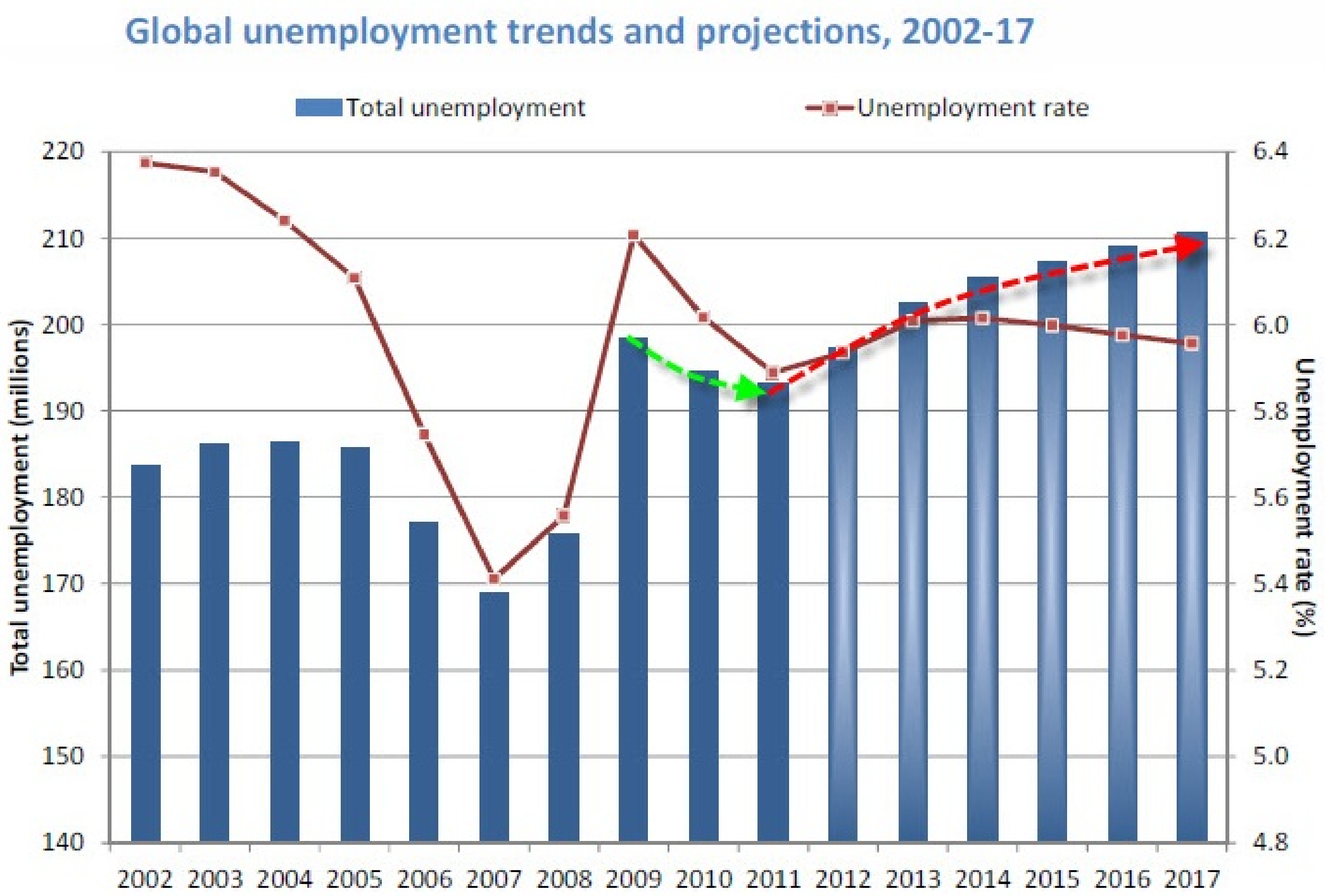
(cont pg.6)

Productivity Paradox (cont.)

202M UNEMPLOYED & 600M JOBS NEEDED WITHIN 15 YEARS

The World Bank has published an exhaustive report showing that the global economies need to create minimally 600 Million new jobs or the next fifteen years. Knowing how political the World Bank is you can be assured that this number is likely double what they are willing to acknowledge. With 202 million currently unemployed and global youth unemployment rates ranging from 25 – 60% it seems 600M is what is urgently needed immediately.

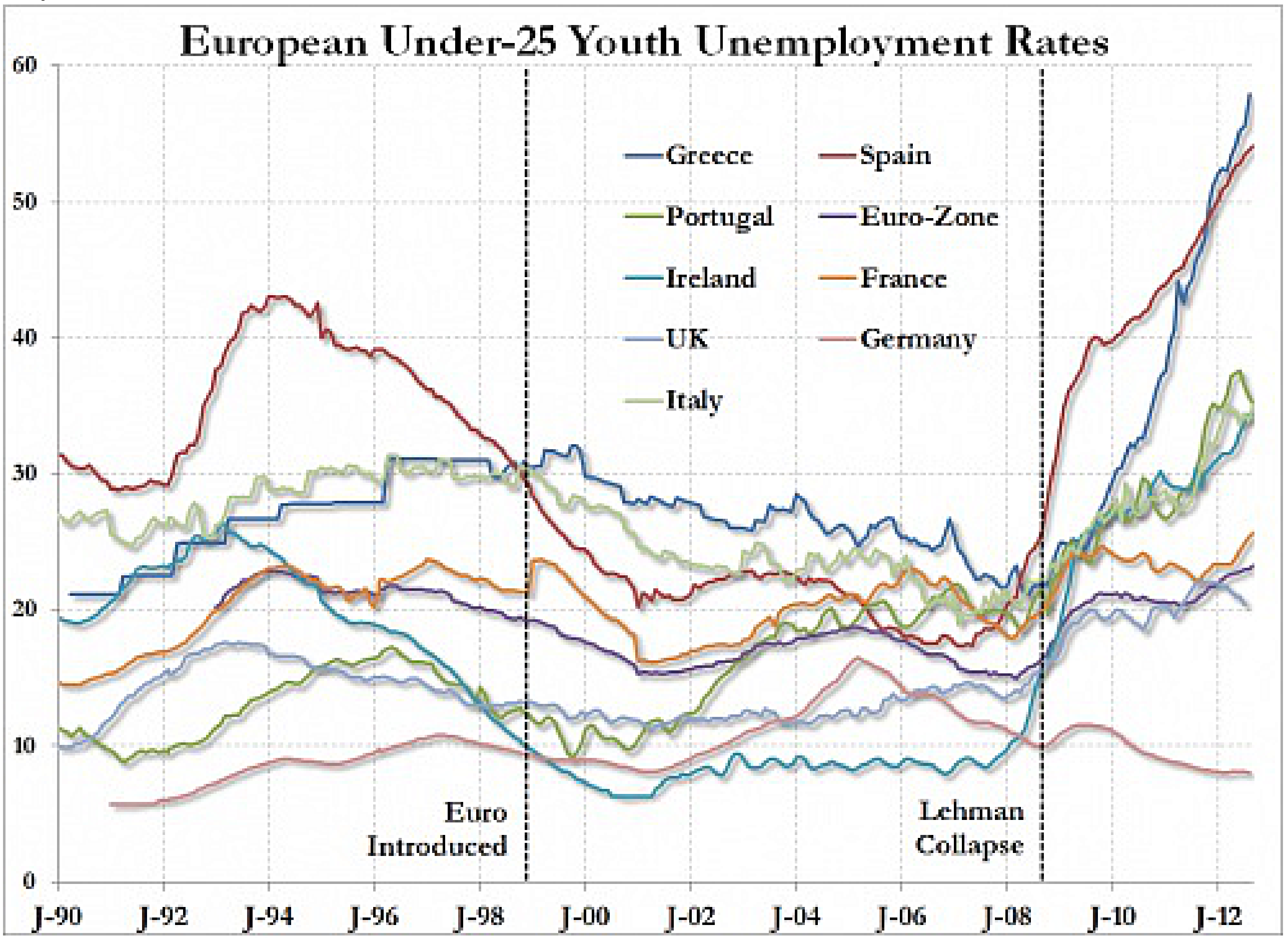




(cont pg.8)

Productivity Paradox (cont.)

The problem is technology; automation and robotics are reducing jobs at a faster pace than they can hope to be created.



TECHNOLOGY WAVES

WAVE I – FOUNDATION BUIDLING

I spent the early part of my career with a Global Technology leader and Fortune 500 company. I witnessed the initial technology waves unfold. What I observed was the complete obsolescence of many traditional careers, but the explosion of new technology oriented careers. It was a very positive period because the net growth of jobs was positive and real aggregate income expanded rapidly. Standard of livings increased.

INFORMATION EXPLOSION & IT PROCESS

60's	70's	80's	90's	00	10
CREATING	**STORING**	**MOVING**		**MANAGING**	**USE**

Data Processing *Information Technology* *Communications Technology* *Internet*

DATA => **INFORMATION** => **MANAGEMENT** => **KNOWLEDGE**

APPLICATION: INVESTING

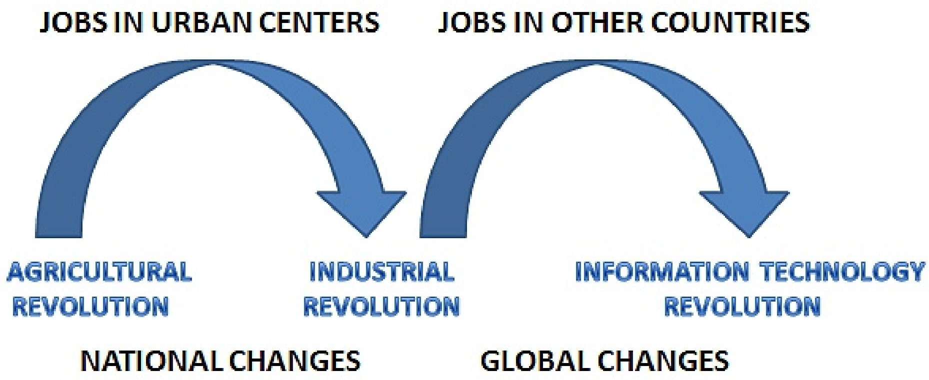
I N N O V A T I O N

(cont pg.9)

Productivity Paradox (cont.)

Wave II – VALUE PROPOSITION
As a foreigner I was relocated to America by another major Fortune 500 technology corporation as Vice President of Engineering. Boston in the late 80's and 90's was a hot bed of computer and communications technology. Companies such as DEC employed 300,000, Wang 150,000, Data General 100,000, Prime 75,000 and the list goes on. In 1999 I recall the Boston Globe having a weekend edition having 76 full pages (small print) of job ad and job fairs.

The operation I was involved in employed 12,000 worldwide had 29 facilities in Massachusetts and had jobs for 1200 Research and Development engineers. The area I lived in had two comparable Fortune 500 technology operations.

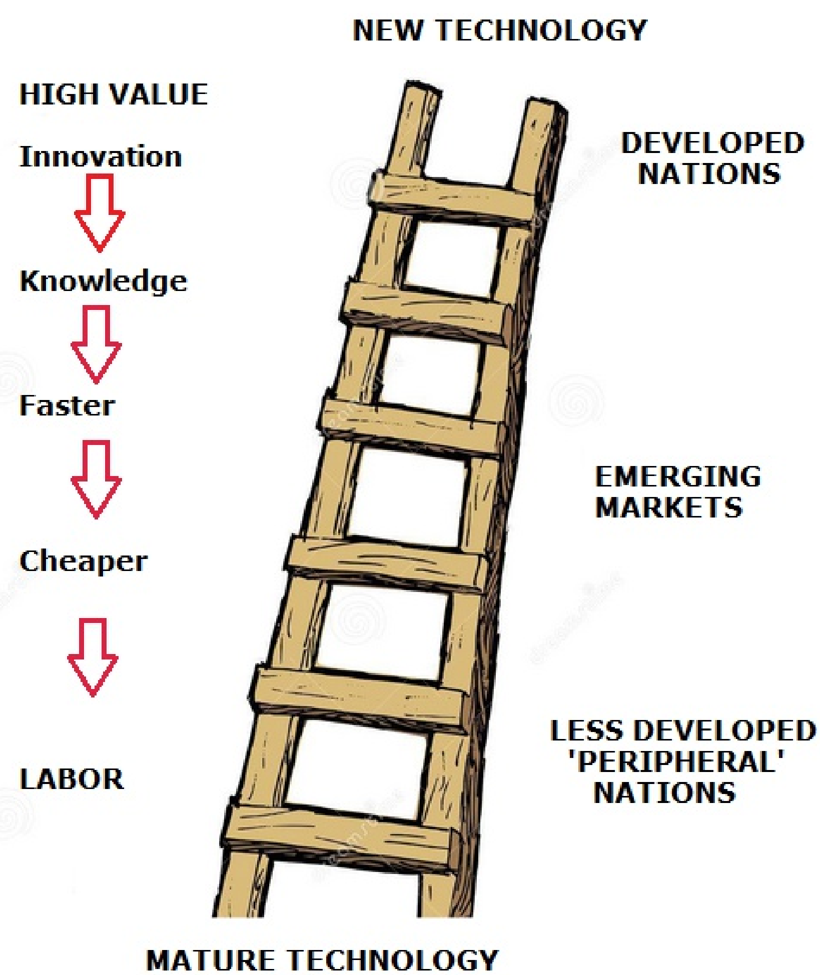


The reason I spell all this out is to tell you that **EVERY LAST ONE OF THESE NO LONGER EXISTS IN MASSACHUSETTS.**

So where did all the jobs go and where did the people find work? The short answer is all the companies disappearing were part of the 54,000 manufacturing facilities that left America. Few of the workers left with them. The driving force was competitive margin pressures associated with maturing technology.

This is not a new phenomenon but there are important new elements.

Time is now the new competitive imperative as product life cycles become shorter. Technology moves down the value ladder much faster.



Add to these new production technologies like 3D Printing, Mass Customization and "Lights-Out" Factories and job growth is not going to be found in the manufacturing production process.

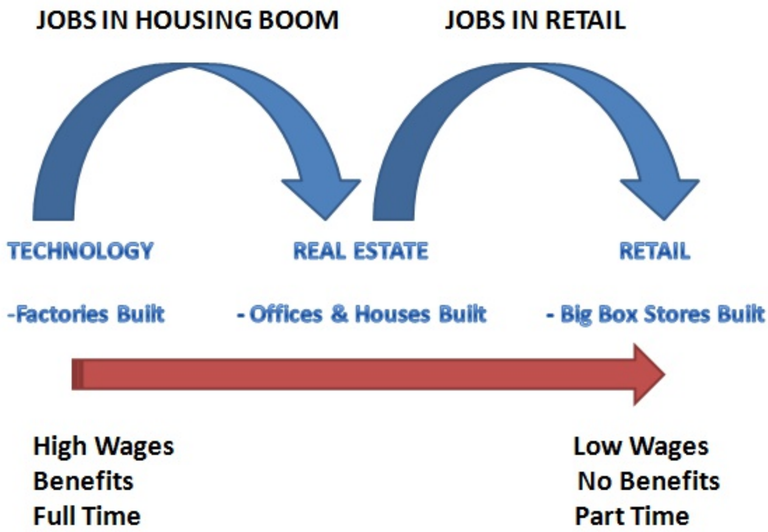
(cont pg.10)

Productivity Paradox (cont.)

WAVE III – UBIQUIDOUS DEVICES
Wave I & II have left a 'scorched earth' behind them when considered in light of long term sustained job growth. Unfortunately it is going to get worse – much worse!

I didn't answer the question I raised above about where the people found work. It is important because it sheds light on what is ahead.

I have witnessed the following with so many examples that I can best describe it graphically (to the right):



I have walked into Home Depot's electrical department and found electrical engineers I knew working there, I have walked into LL Bean and West Marine and founding technology marketing professionals working as clerks, I have walked in to restaurants and found manufacturing expeditors working as waiters, I have had home improvement contractors come to my home who were former corporate trouble shooters and Geek Squad specialists do work for me who were former Corporate IT Managers. These are the lucky ones who found work and were not part of the plummeting participation rate as millions simply drop out.

The technology will soon cut a swath across retail and small business in a similar manner that is has to other employment areas.

RETAIL PURGE
New devices will soon sweep across retail jobs in yet another wave of job elimination. Some of the most recent to hit the news are:

Applebee's "Waiter Terminator":

(cont pg.11)

Productivity Paradox (cont.)

Smoothies "Automated Dispensers":

Redbox & Netflix drove the video store industry out of business as costs went from $5-$7 / view to $1/view

Look for the following to soon appear everywhere:

(cont pg.12)

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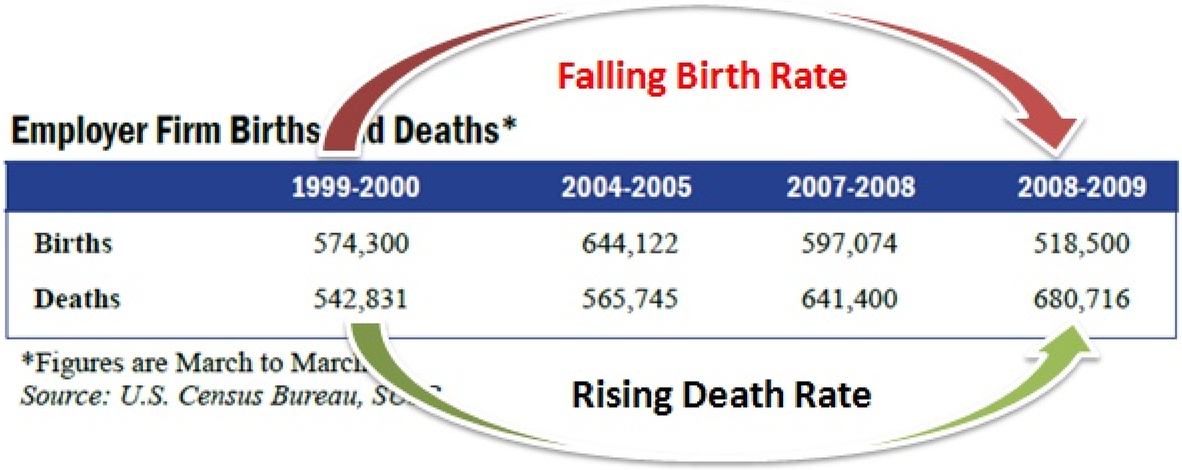
Productivity Paradox (cont.)

SMALL BUSINESS DECLINE & MIGRATION

Small business is now adopting technology at a faster rate because a competitive pricing pressures and the ease of use of new devices. New technology no longer needs expensive expertise to implement. Innovative use of technology appliances is the order of the day with reduced labor costs.

- Smartphone: Allows mobile office usage.
- Tablets: Mobile Applications
- Networking: Use of online contractors for specialized needs,
- Scanners: Tracking & Routings,
- App Providers:Few Examples:
    - PayPal for International Payments – Minimal Cost,
    - Constant Contacts for Communications – Minimal Cost,
    - Skype for Communication cost control

All of this is leading to a shrinking small business as more innovative small competitors gain share and become larger small businesses in terms of revenue, but not employees.



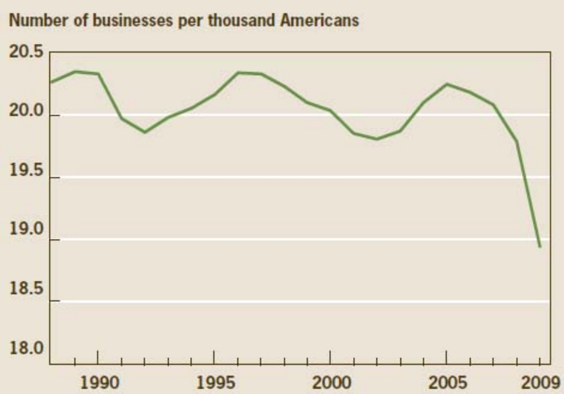
Employer Firm Births d Deaths*

	1999-2000	2004-2005	2007-2008	2008-2009
Births	574,300	644,122	597,074	518,500
Deaths	542,831	565,745	641,400	680,716

*Figures are March to Marc
Source: U.S. Census Bureau, So

The latest statistics from the government's Small Business Agency indicate there were 27.9 million small businesses, and 18,500 firms with 500 employees or more. Over three-quarters of small businesses were non-employers; this number has trended up over the past decade, while employers have been relatively flat. Clearly the falling US participation rate is showing in one person business starts but in an alarmingly small way.

Figure 2. Businesses with Employees



Source: Created from data from *The Small Business Economy: A Report to the President, 2010.* The Small Business Administration, Office of Advocacy.

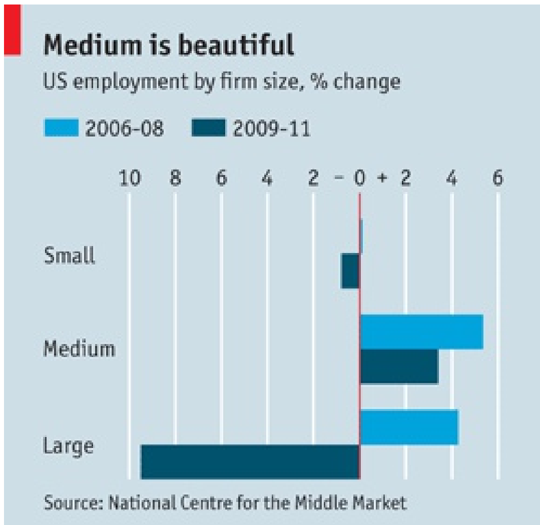
(cont pg.13)

Productivity Paradox (cont.)

Small businesses make up:

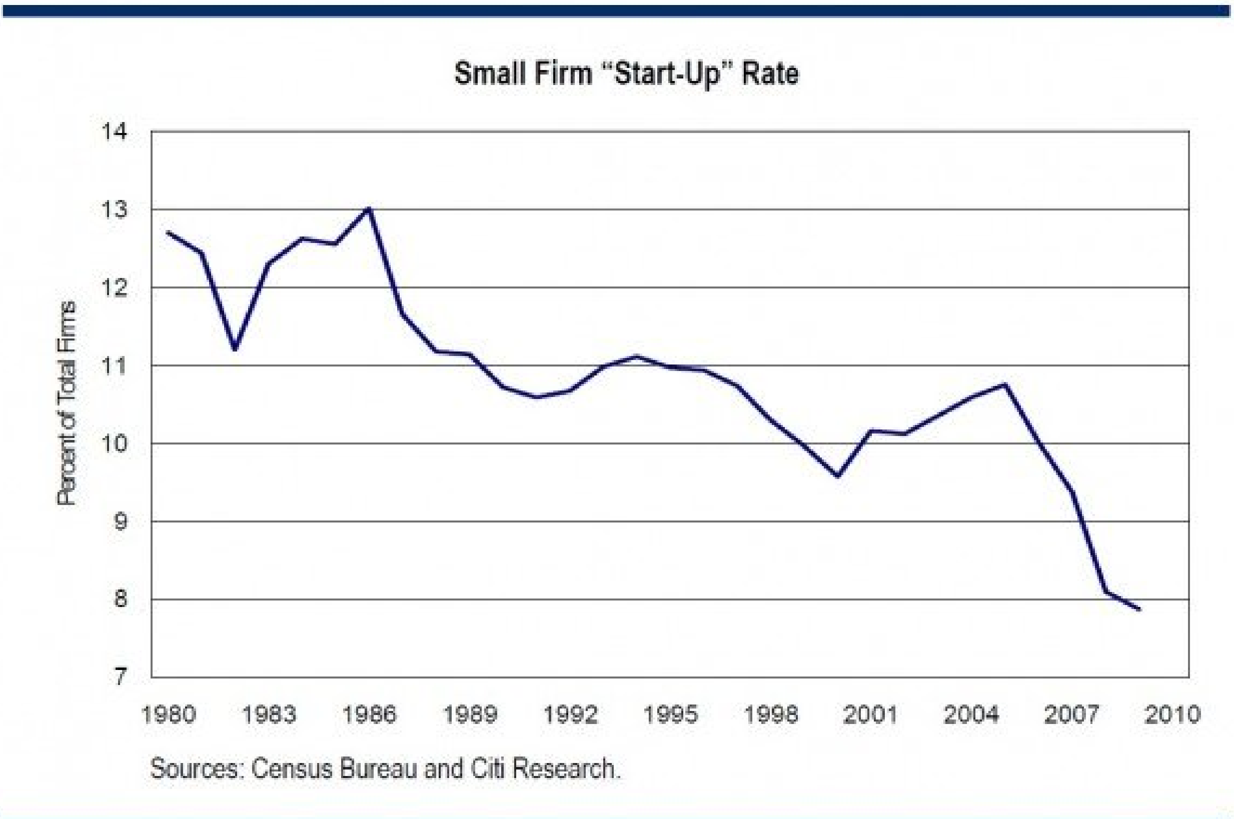
99.7 percent of U.S. employer firms,
64 percent of net new private-sector jobs,
49.2 percent of private-sector employment,
42.9 percent of private-sector payroll,
46 percent of private-sector output,
43 percent of high-tech employment,
98 percent of firms exporting goods, and
33 percent of exporting value.

Source: U.S. Census Bureau, SUSB, CPS; International Trade Administration; Bureau of Labor Statistics, BED; Advocacy-funded research, Small Business GDP: www.sba.gov/advocacy/7540/42371.



Small Business is no longer the business of America as “Mom and Pop” shops have been removed from the American landscape. Corporate chain stores and retail franchises are being found in every conceivable manner from fast foods to laundry to pet supplies. All of these are technology adopters and use any technology advancement as a competitive advantage.

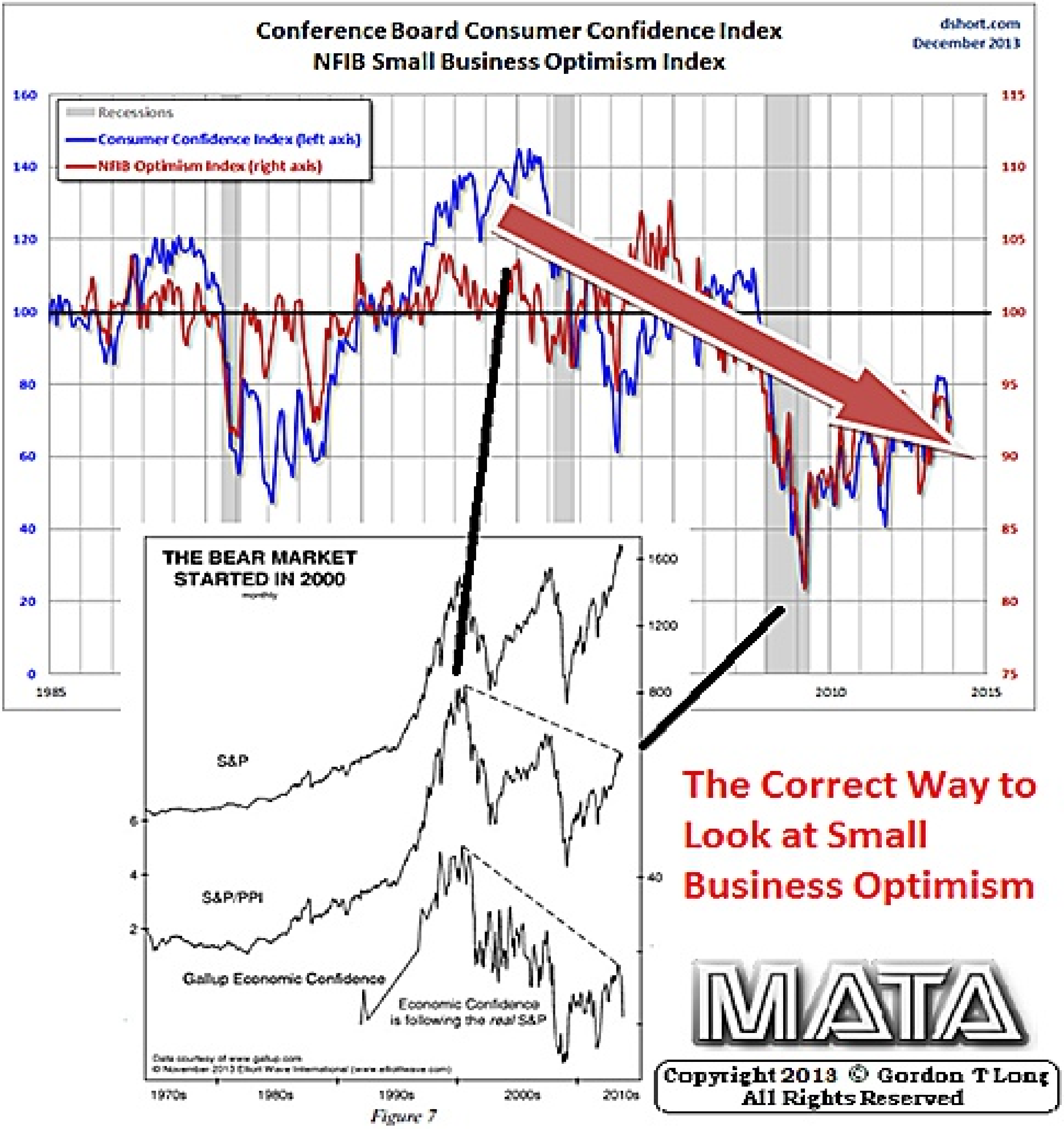
Employees are seen as an expense and are more and more are left untrained and forced into part-time ‘career’ positions only.



(cont pg.14)

Productivity Paradox (cont.)

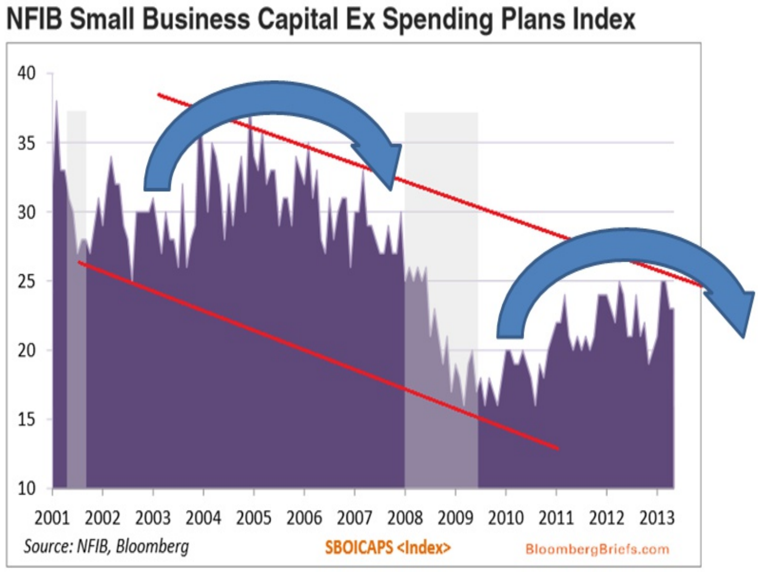
Small Business is presently operating as though the US is in a recession and has been in a Bear Market since the Technology Bubble imploded financial markets but ignited the productivity paradox.



(cont pg.15)

Small Business Capital Expenditures continue to fall as technology costs also fall. What is hidden is the fact that Information Technology expenditures consume bigger budget percentages when networking / mobile communications is included.

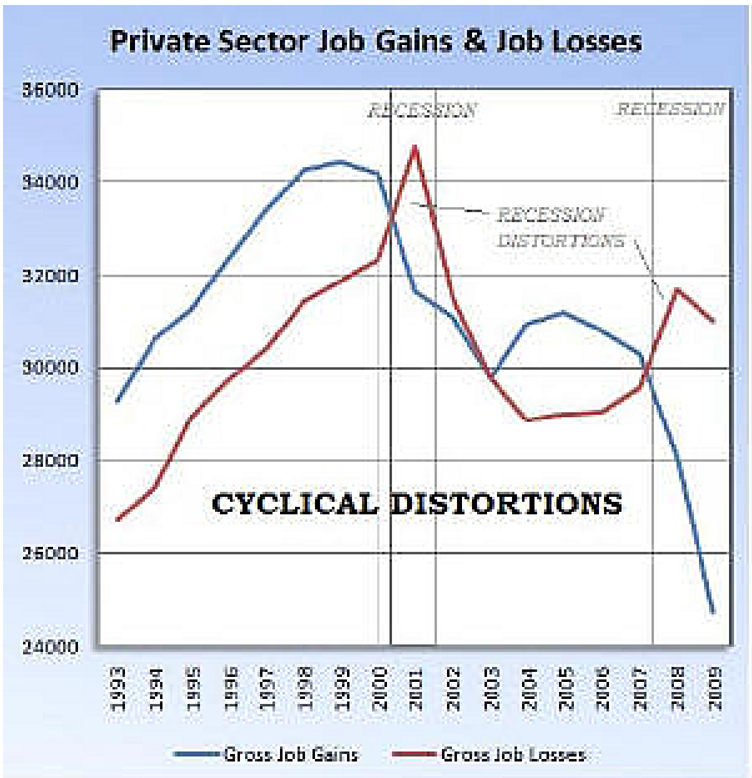
The Productivity Paradox is only beginning in Retail and Small Business Meanwhile industries already highly automated such as manufacturing are be reinvented by new technologies such as 3-D printing.

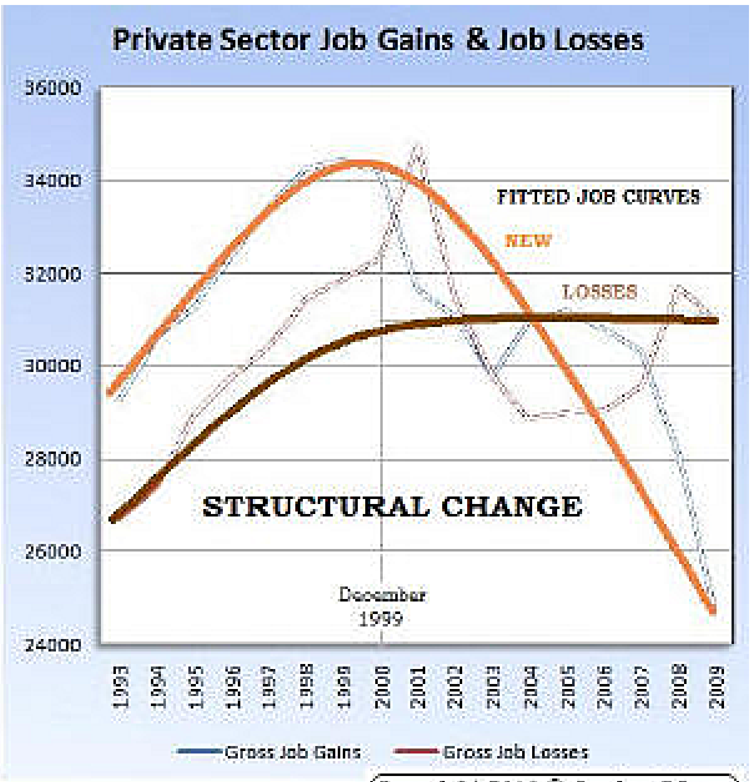


CONCLUSION

The US and most of the world has a structural job growth problem that is presently being addressed with Keynesian business Cycle stimulus solutions.

These programs will fail spectacularly as the next technology wave washes over us.





DATA SOURCE: US Bureau of Labor Statistics

END

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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.

The All Seeing Eye
On Market & Economic Indicators

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Feature Article

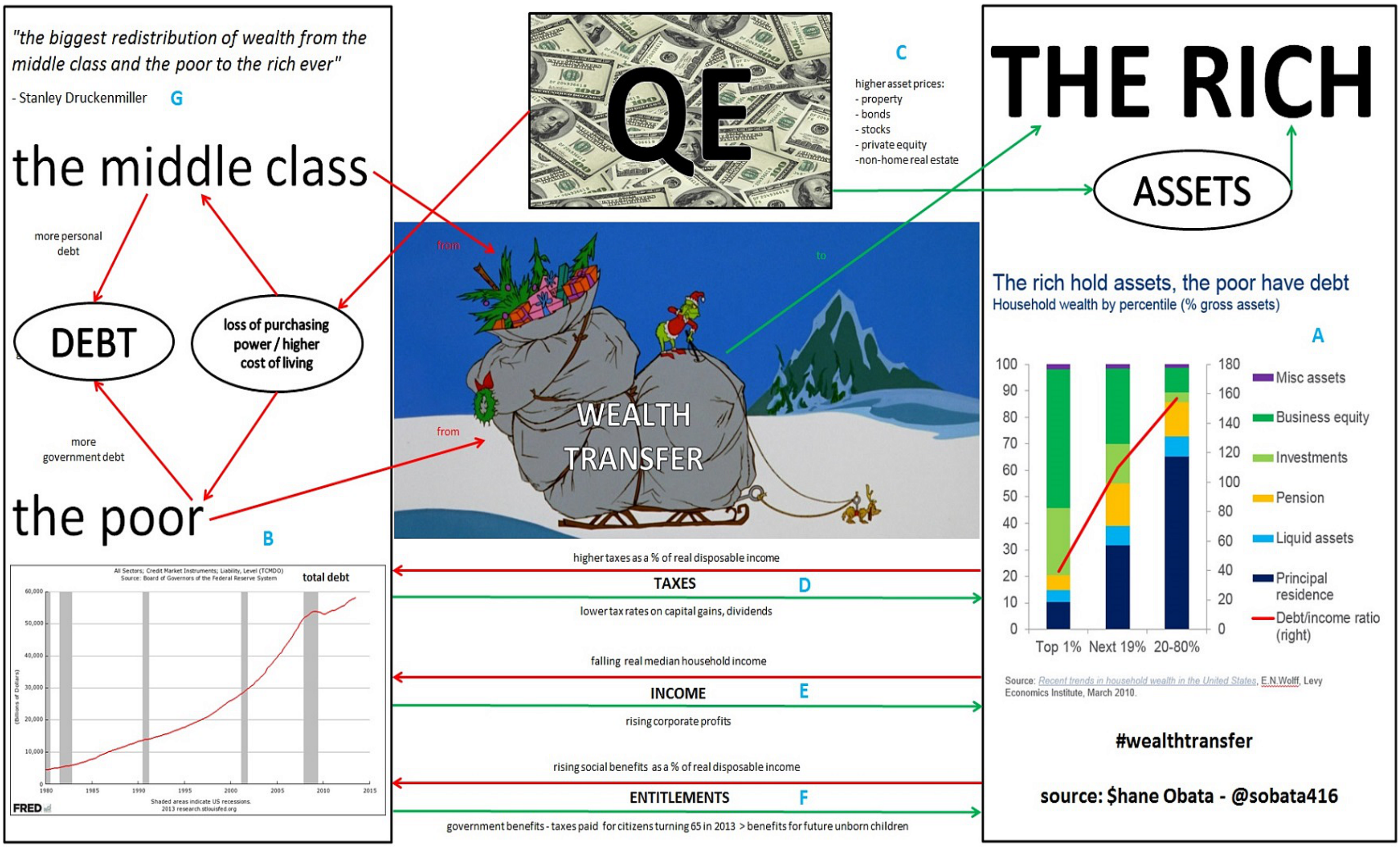
"THE BIGGEST REDISTRIBUTION OF WEALTH FROM THE MIDDLE CLASS AND THE POOR TO THE RICH EVER"

- in pictures -

Shane Obata-Marusic

QE, taxes, income disparity, and entitlements are 4 means by which wealth is transferred from the poor and the middle class to the rich.

The following report will examine the uneven distribution of the wealth in the US. All of the claims on this page of the report will be examined in subsequent pages. Each point is linked to a letter which corresponds to charts and a brief explanation.



(cont pg.26)

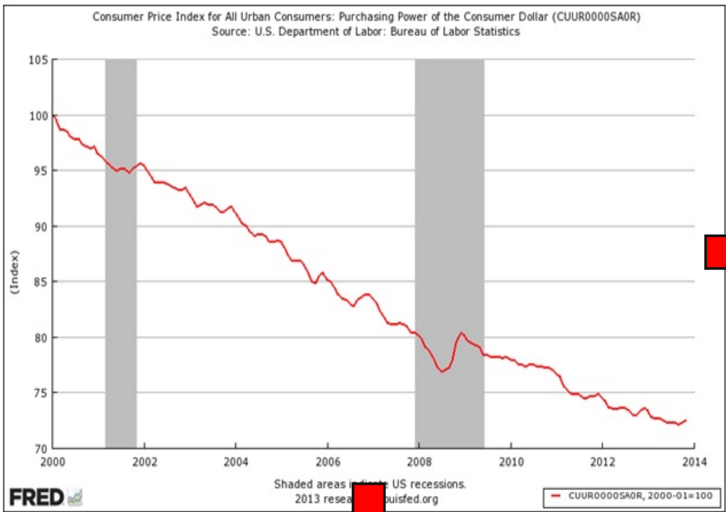
Feature Article

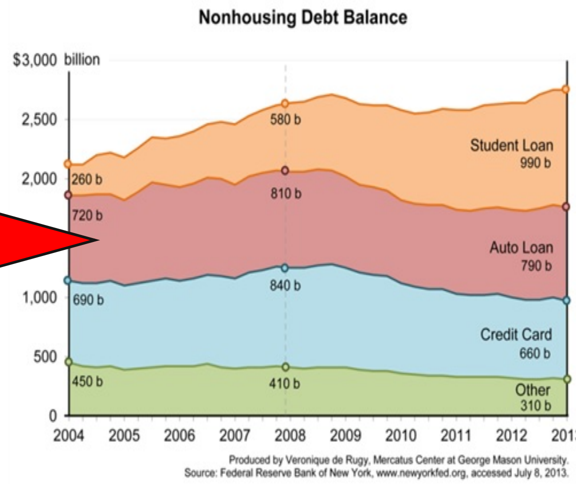
Feature Article

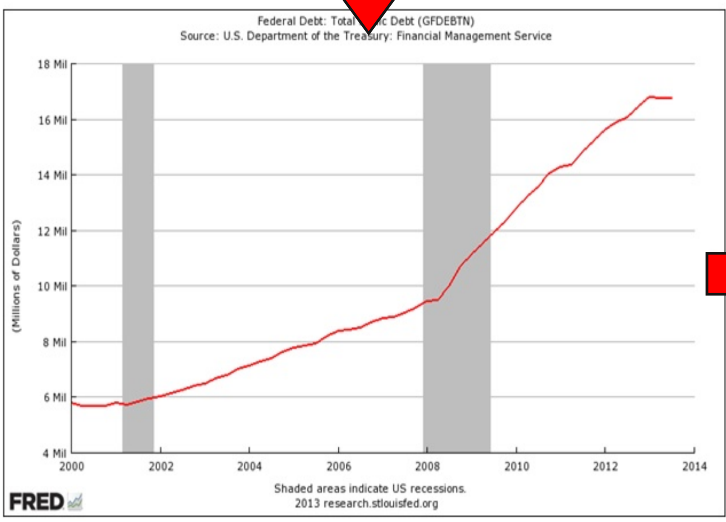
Redistribution of Wealth - in pictures- (cont)

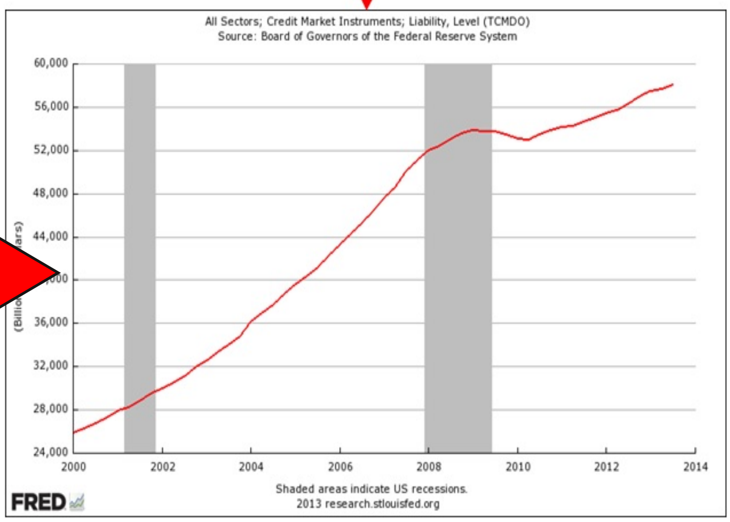
A: - "the rich hold assets, the poor have debt" is how Citi's Matt King described the distribution of wealth in the US.

B: QE has resulted in a loss of purchasing power for the US dollar. Faced with this problem, consumers in the middle class are taking on more non-housing debt in order to maintain the same standard of living. In addition, the US government – which continues to run a deficit year after year – continues to accumulate debt. Due to these facts, total debt outstanding – aka credit market instruments for all sectors - is at all-time highs. More debt means more interest payments and lower savings rates. These trends do not bode well for the middle class consumer.









"non-housing debt balance"

(cont pg.27)

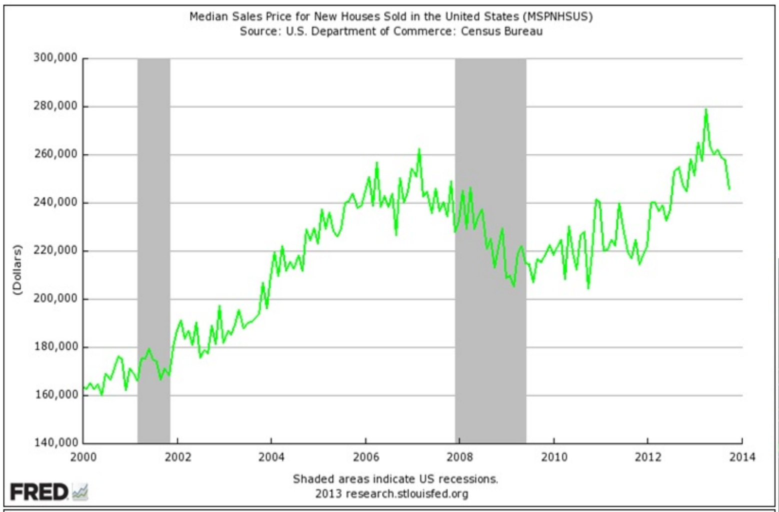
Feature Article

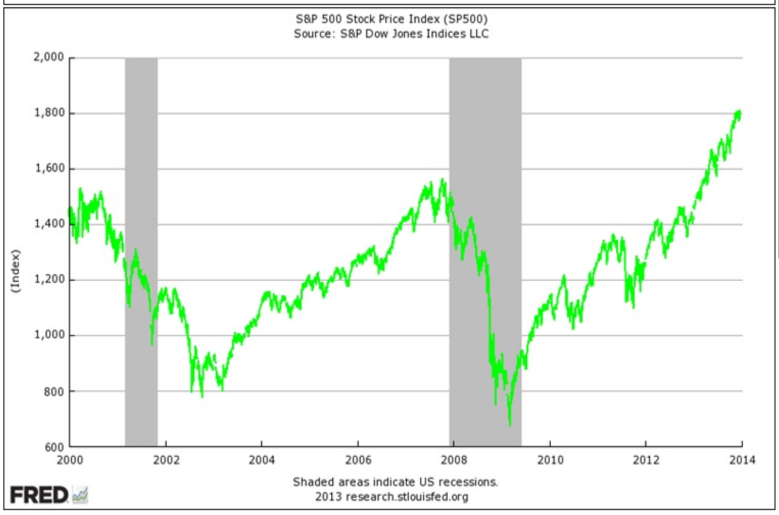
Feature Article

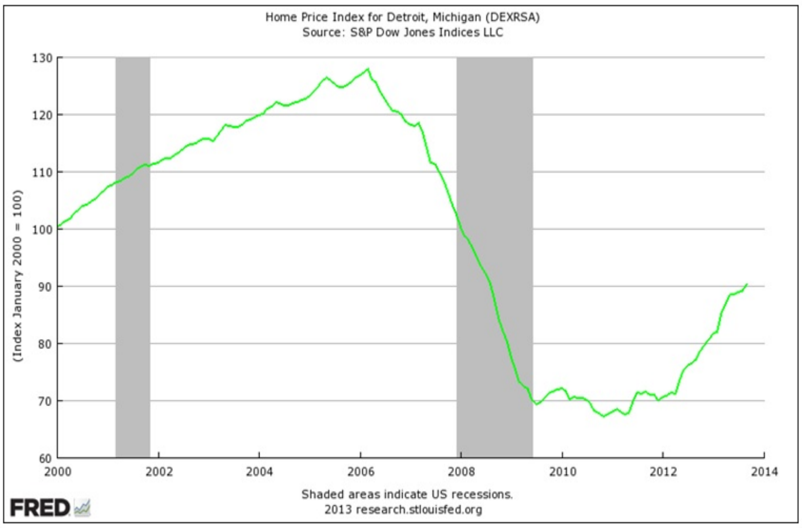
Redistribution of Wealth - in pictures- (cont)

C: On the other hand, QE has been great for the rich. QE has inflated the prices of assets such as property, bonds, stocks, and non-home real estate:

asset price #inflation:







Housing Occupancy

	Detroit, MI	%	Michigan	U.S.
Total Housing Units	349,170, see rank	100%	4,532,233	131,704,730
Occupied Housing Units	269,445	77.17%, see rank	85.44%	88.62%
Owner Occupied	137,730	39.44%, see rank	61.63%	57.69%
Renter Occupied	131,715	37.72%, see rank	23.81%	30.93%
Vacant Housing Units	79,725	22.83%, see rank	14.56%	11.38%
For Rent	29,248	8.38%, see rank	3.13%	3.14%
For Sale Only	5,593	1.60%, see rank	1.70%	1.44%
Rented or Sold, Not Occupied	3,578	1.02%, see rank	0.54%	0.48%
For Seasonal, Recreational, or Occasional Use	705	0.20%, see rank	5.80%	3.53%
For Migrant Workers	4	0.00%, see rank	0.04%	0.02%
Other Vacant	40,597	11.63%, see rank	3.34%	2.77%

*Based on 2010 data. View historical housing occupancy data.

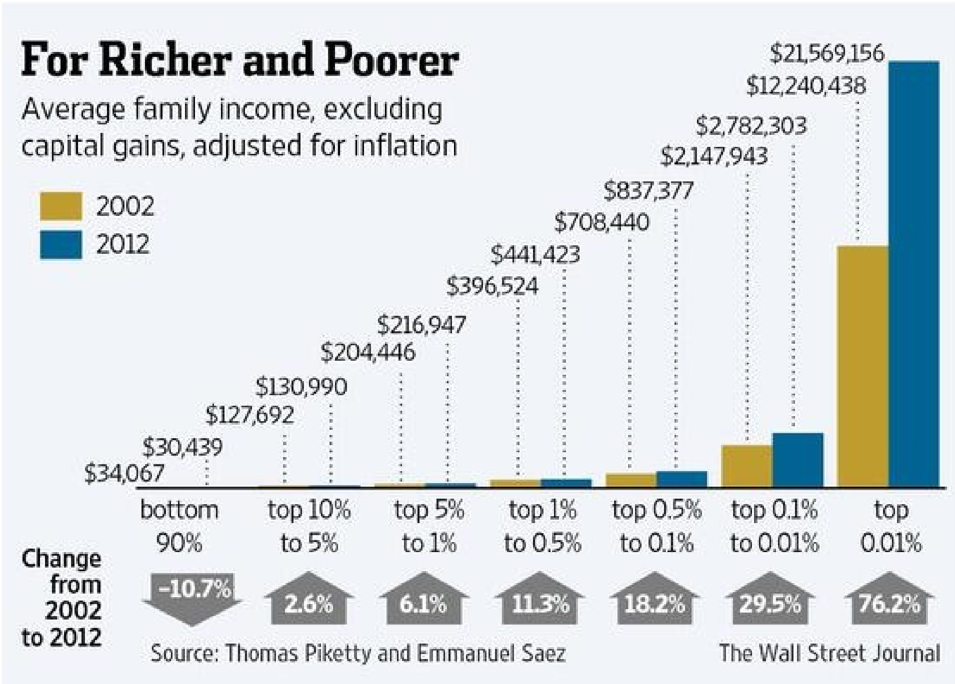
source: $hane Obata - @sobata416

(cont pg.28)

Redistribution of Wealth - in pictures- (cont)

Home prices in Detroit are going up despite the fact that the city is bankrupt. The “housing occupancy” table is meant to show what appears to be a higher than average amount of speculative demand i.e. lower than average owner occupancy rates.

The rich have most of the assets which is why the average family income of the top 0.01% increased by 76.2% from 2002 to 2012. In contrast, the average family income of the bottom 90% decreased by 10.7% over that same period.



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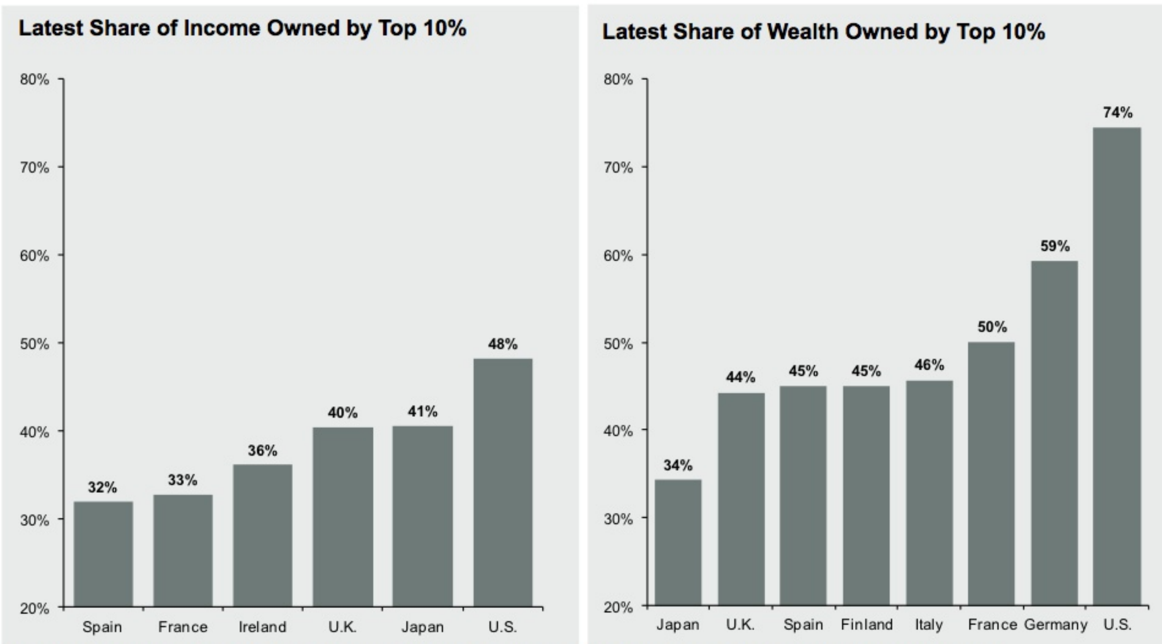


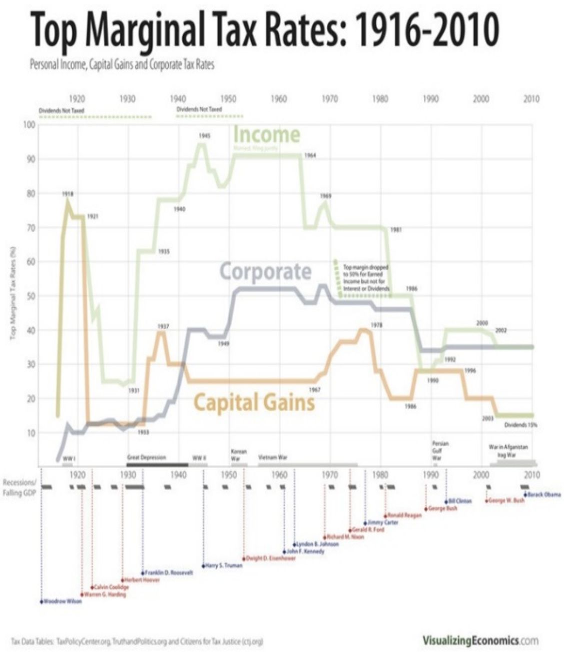
Source: Paris School of Economics – The World Top Incomes Database, Credit Suisse – Global Wealth Databook 2013, J.P. Morgan Asset Management.
Latest income data is as follows: U.S. 2012, Japan and Spain 2010, U.K., Ireland and France 2009. Income excludes capital gains.
Latest wealth data is as follows: Germany 2011, U.S., France and Italy 2010, Japan and Greece 2009, U.K. and Spain 2008.
Data are as of 11/25/13. source

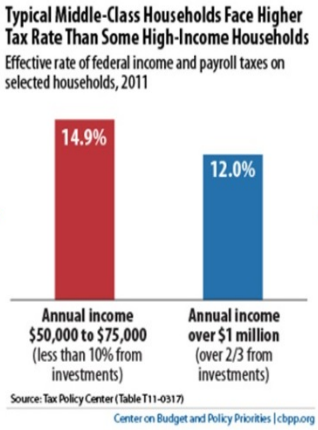
J.P.Morgan
Asset Management

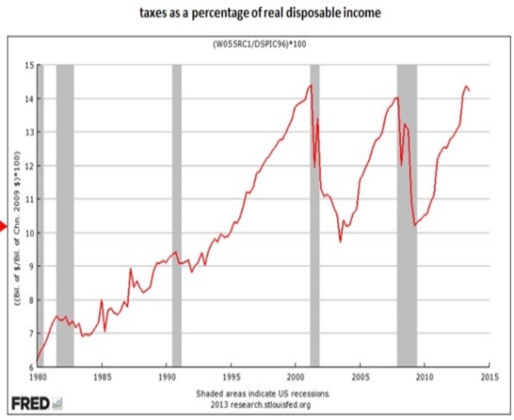
(cont pg.29)

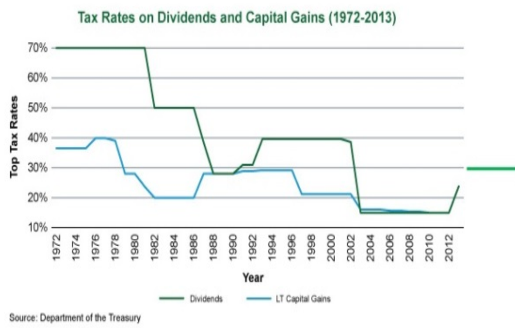
Redistribution of Wealth - in pictures- (cont)

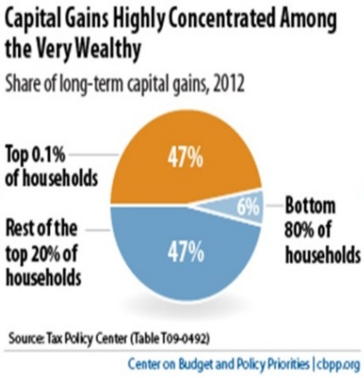
D: Taxes as a percentage of real disposable income have more than doubled since 1980. This trend has [not been kind](#) to the bottom 90%.

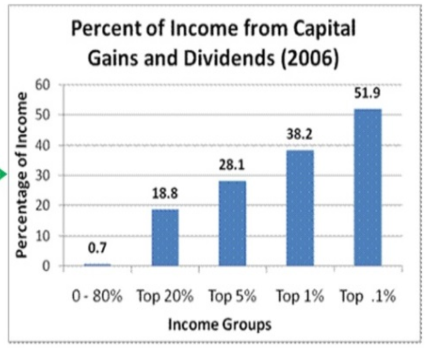












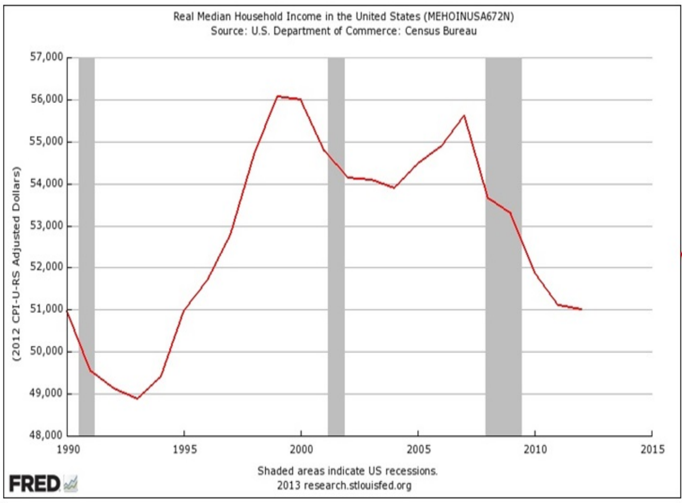
[“Percent of income from capital gains and dividends”](#)

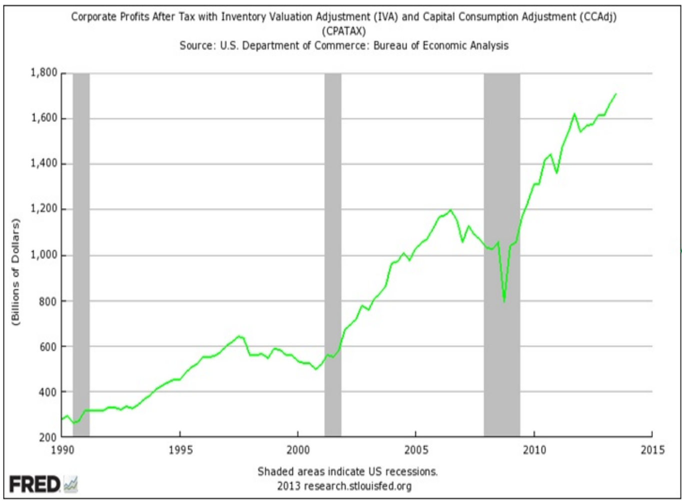
Conversely, favourable tax rates on dividends and capital gains have allowed the rich to become wealthier over time.

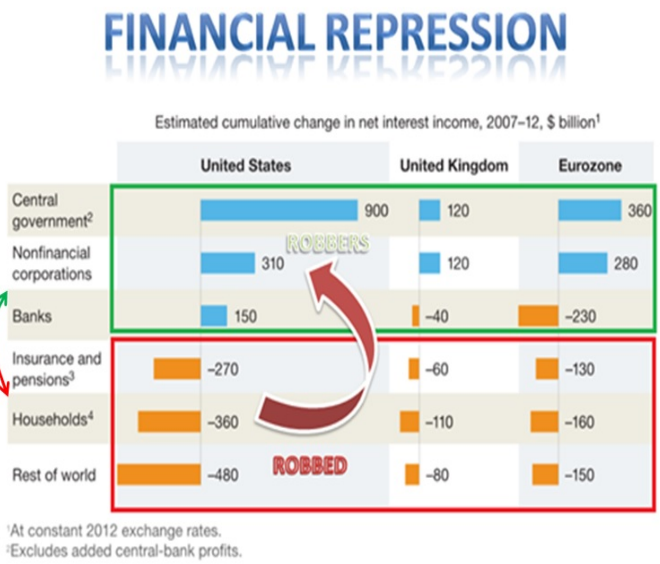
(cont pg.30)

Redistribution of Wealth - in pictures- (cont)

E: Median household income has been in a downtrend since the late 90s.







[“financial repression – estimated cumulative change in net interest income”](#)

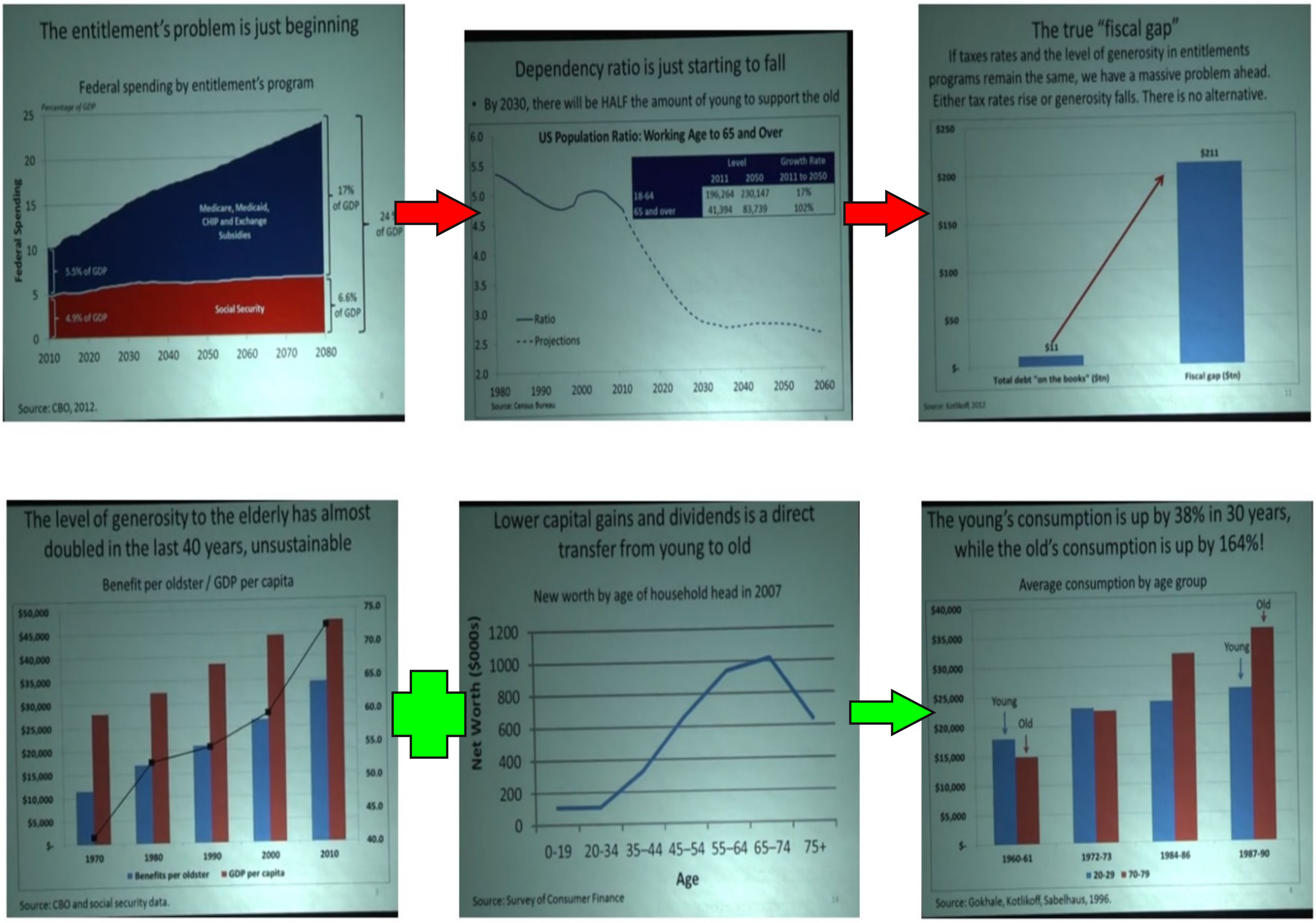
In opposition, corporate profits are at all-time highs.

(cont pg.31)

Feature Article

Redistribution of Wealth - in pictures- (cont)

F: The entitlement problem is only going to get worse as more baby boomers leave the work force. Future generations will have to pay for the debt that the old and rich continue to take on.



source *Hedge Funder Stan Druckenmiller Wants Every Young Person In America To See These Charts About How They're Getting Screwed*

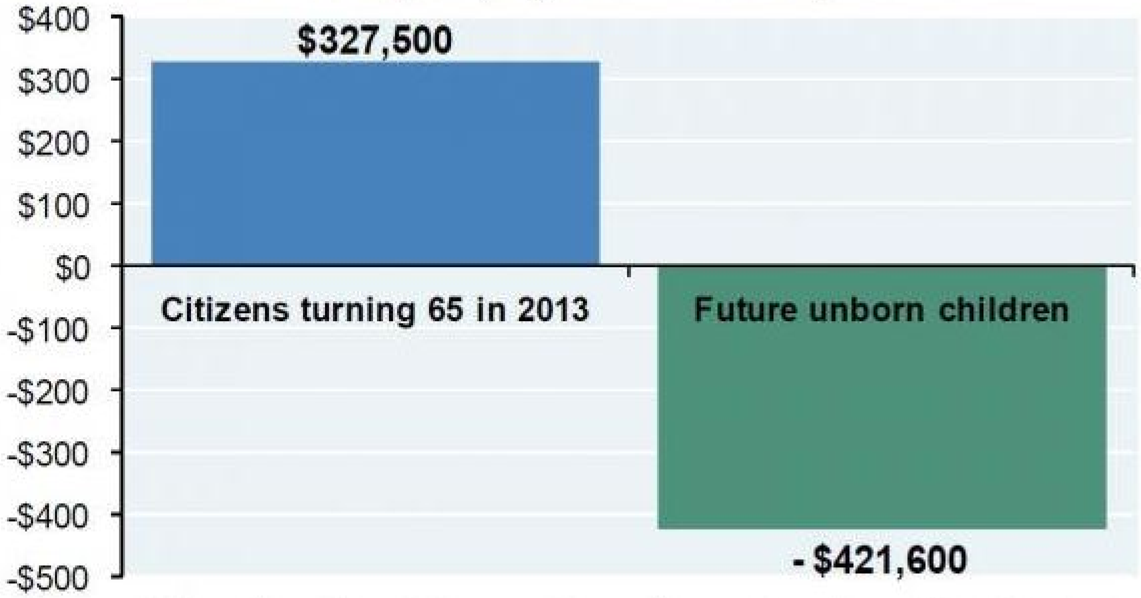
Growing benefits and sympathetic tax rates on investments enabled the old to increase consumption by 164% from 1960-1991.

(cont pg.32)

Redistribution of Wealth - in pictures- (cont)

G: In conclusion, QE, taxes, income disparity, and entitlements are contributing to "the biggest redistribution of wealth from the middle class and the poor to the rich ever" If things continue the way they are going, then millennials and future generations will pay the price:

US generational theft: government benefits received less federal taxes paid, by date of birth, USD



Source: "*How the millennial generation will pay the price of Washington's paralysis*", Callegari and Kotlikoff, August 2013.

Cembalest's summary:

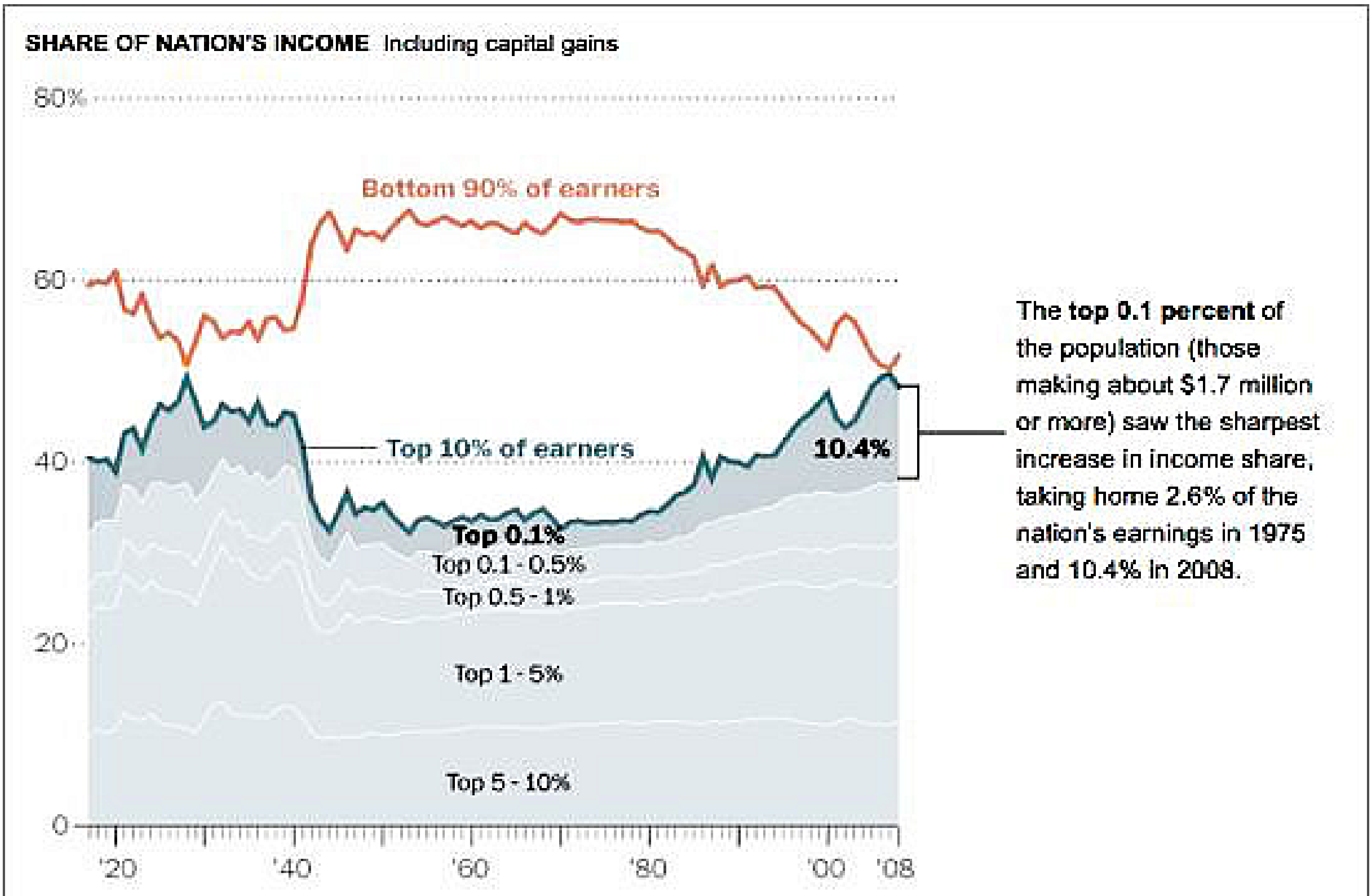
After you graduate, the US will be in the thick of the "generational theft" issue; here's a heads-up on what this is all about. Generational accounting is an estimate of who benefits from and who pays for government programs. As shown in the first chart, ***the average person in the generation that turned 65 this year received $327 thousand dollars more in lifetime government benefits than they paid in Federal taxes. On the other hand, children born in the future (e.g., yours) will have a lifetime deficit on this basis of -$421 thousand dollars. If it sounds unfair, it is.***

Chart Of The Day: This Is What "Generational Theft" Looks Like

(cont pg.33)

Redistribution of Wealth - in pictures- (cont)

Despite the fact that inequality in the US is nothing new:



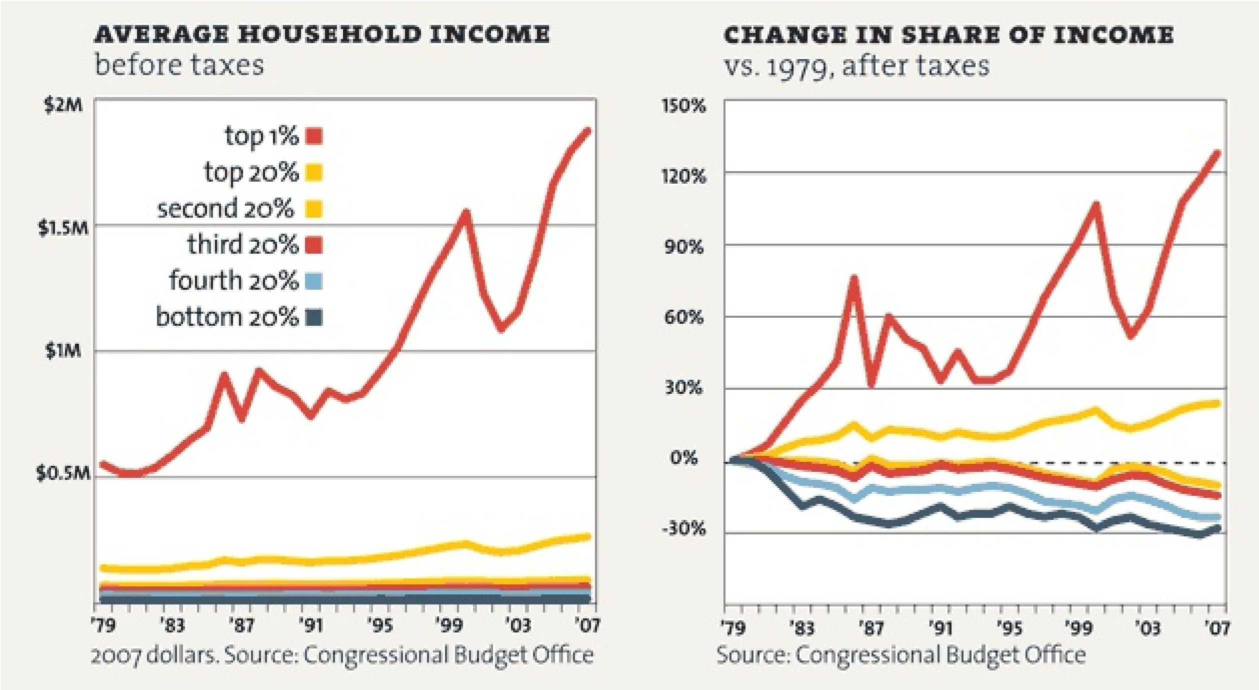
INCOME LEVEL	NUMBER OF PEOPLE	AVERAGE INCOME	OVERALL CHANGE 1970-2008
Top 0.1%	152,000	$5.6 million	+385%
Top 0.1-0.5%	610,000	$878,139	+141%
Top 0.5-1%	762,000	$443,102	+90%
Top 1-5%	6.0 million	$211,476	+59%
Top 5-10%	7.6 million	$127,184	+38%
Bottom 90%	137.2 million	$31,244	-1%

[The Global Economy: It's All About Increasing Leverage]()

(cont pg.34)

Redistribution of Wealth - in pictures- (cont)

Today, it might be worse than it ever has been:



[It's the Inequality, Stupid]

Unless the distribution of wealth in America begins to change for the better, [assets will continue to benefit the rich] and debt will continue to [burden the middle class and the poor.]

For an economy that's [largely based on consumption], excess debt only serves to [reduce expenditures] and to [slow economic growth over time].

Quality of life for the median American household is only going to get better if the issues associated monetary policy, entitlements, taxes, and income are addressed and dealt with.

For now, the best thing that you can do is to discuss these issues with your friends, family and colleagues and try to come up with solutions.

Shane Obata-Marusic

A graduate from the University of Western Ontario, I am actively pursuing a career in the markets with a focus on macroeconomics. Having completed the Canadian Securities Course and the CFA level 1, I am seeking any opportunities. Previously I have researched and written reports as an Equity Research Intern for Euro Pacific Canada (Toronto).

shane@triggers.ca

HIGH PROBABILITY TARGET ZONES TRADING

What is HPTZ TRADING?

A purely Technical Trading Methodology *(no bias)* that can be used as the backbone for any trading plan or strategy, for all styles of trading and investment objectives.

How does it work?

MULTIPLE TECHNICAL ANALYSIS TECHNIQUES are overlapped and integrated. Where they tell a similar story (confluence) is where we identify places of interest (targets) that the market is likely to move to.

SEVERAL TARGETS are usually identified, above and below the market. Identifying targets above and below the market gives targets for a move in either direction. No bias.

THE TECHNICAL TOOLS used to locate the target areas are now the trigger considerations as the market moves through them, towards a target.

USING THE TECHNICAL TRIGGERS no bias is established and the participant can follow along with what the market actually does, as opposed to guessing what it might do.

INITIAL SET-UP of the tools to find HPTZ's establishes the significant market levels, trends, and supports & resistances. They give a road map of the market: the next likely destination and any stops along the way. This can be followed as the market moves from one technical to the next, on its way to a HPTZ.

HPTZ TRADING

HIGH PROBABILITY TARGET ZONES TRADING

HPTZTRADING

TECHNICAL ANALYSIS PERFORMANCE OVERVIEW

November 29th - December 20th, 2013

A quick overview to compare what was published for last month's analysis with what actually occurred. The left hand chart shows the daily analysis given (time frame), and the right hand chart is an updated image.

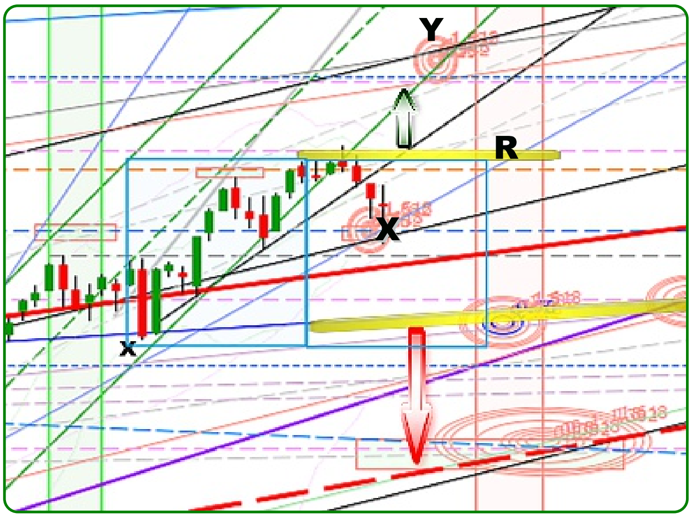
These are given here to offer a consolidated review and to get a general overall sense of success or failure for the analysis across several markets. You be the judge.

Current analysis for each market can be found in their respective sections as usual.

S&P

(1) December Issue (as of Fri. Nov. 29th)

(2) as of Thursday December 5th



(1) Market at significant resistance, Fib levels (R, yellow highlight).

(2) Resistance held; market pulls back to target at X

(3) Market finds support from the solid red trend line, never making it to the lower significant technical trigger consideration.

Lifting from the red trend support, the market breaks significant resistance (R) and lifts to target Z.

Target Z was published for subscribers in the inter-issue updates on Thursday Dec 12th.

The market breaks significant resistance at R on Dec 20th and lifts to target at Z by the 27th.

(3) as of Friday December 27th

(cont pg.37)

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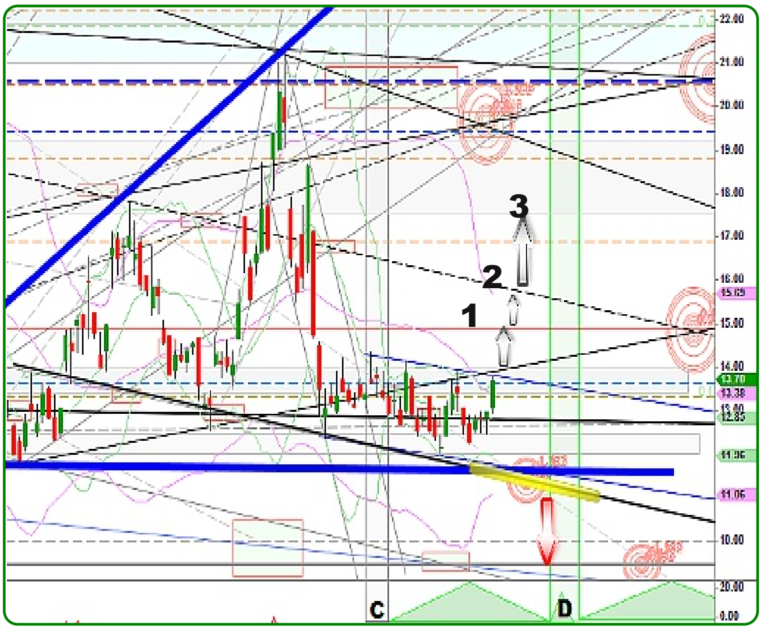
HPTZ Trading (cont)

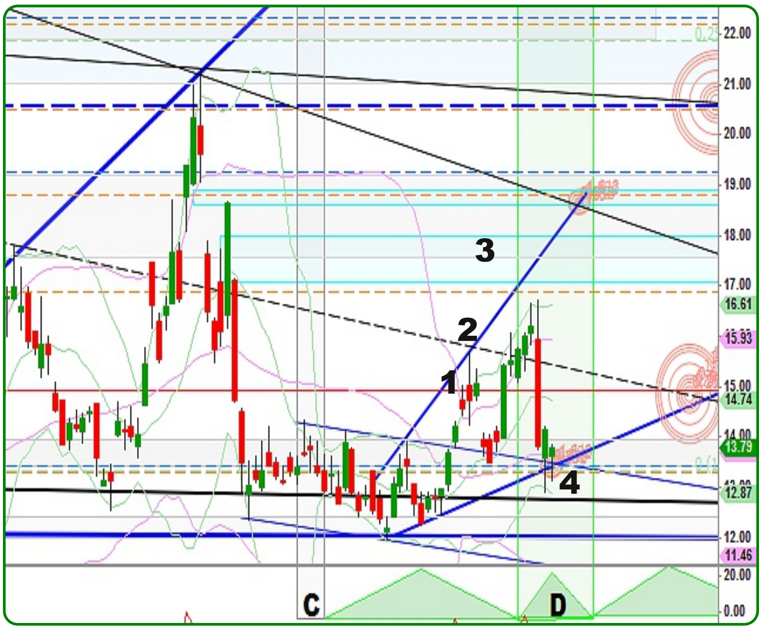
HPTZ TRADING — VIX

December Issue



Multiple grey arrows can be seen marking aggressive moves, technical targets at 1 (solid red support / resistance; 2 (black dashed s/r); & 3 (grey s/r zone).

as of Friday December 20th



Aggressive technical targets 1 and 2 were reached; target at 3 comes up short. Target at 4 was given in the inter-issue updates and is where the market sits at this time.

HPTZ TRADING — GOLD

December Issue

The lower yellow highlighted technical trigger consideration supports the consolidation below the grey s/r zone (at b). Breaking the TC would likely mean a drop down to the target zone.

as of Friday December 20th

Gold continues sideways for a while, eventually breaking the TC for good and moving to the target zone.

(cont pg.38)

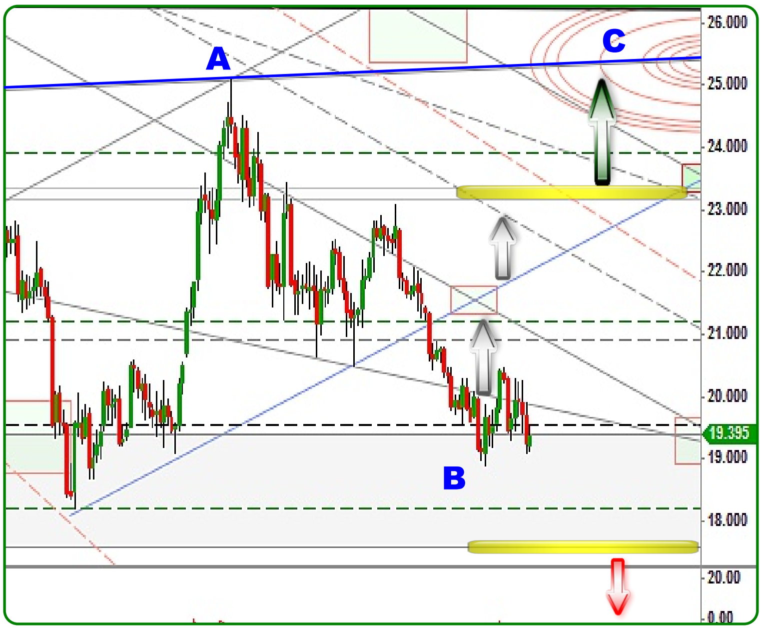
HPTZ Trading (cont)

SILVER

December Issue

Potential ABC; B at significant grey s/r zone, watching for support and confirmation of B.

as of Friday December 20th



Support found at grey s/r zone and the market has a consolidation move. Aggressive TC (grey arrow) comes up short at this time.

US$

December Issue

Market at grey s/r zone, watching for support, re-test of solid purple channel.

as of Friday December 20th

Market lifts to target 1; 2 & 3 were given in our updates; market breaks significant TC (yellow highlight) and moves to technical target (purple s/r) and finds support.

(cont pg.39)

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HPTZ Trading (cont)

EUR/US$

December Issue

Several significant s/r's contain the market, above and below. Watching to see which channels hold and which break.

as of Friday December 20th

Consolidating at the s/r's, the market moves over and just reaches the target zone at 1; lifts to target at 2 and then pulled back to trend support.

EUR/JPY

December Issue

Having just broken in to the grey s/r zone and reaching significant s/r's (yellow channel) we were watching for a consolidation or pull back. Next lift to top of grey s/r zone at 2; Fib level at 1 offers a technical TC for the potential move. Lifting through grey zone offers a target at 3.

as of Friday December 27th

Market consolidates, lifts through TC at 1, moves to top of the grey s/r zone (2). Consolidates within the grey s/r zone and then breaks out and lifts to target at 3.

END

Need To Know
Technical Analysis

Contents Page

S&P Long-Term View — Elliott Wave Count

Boundary Conditions

Defining Chart: Finding the Long Term Pivot

Gann Analysis

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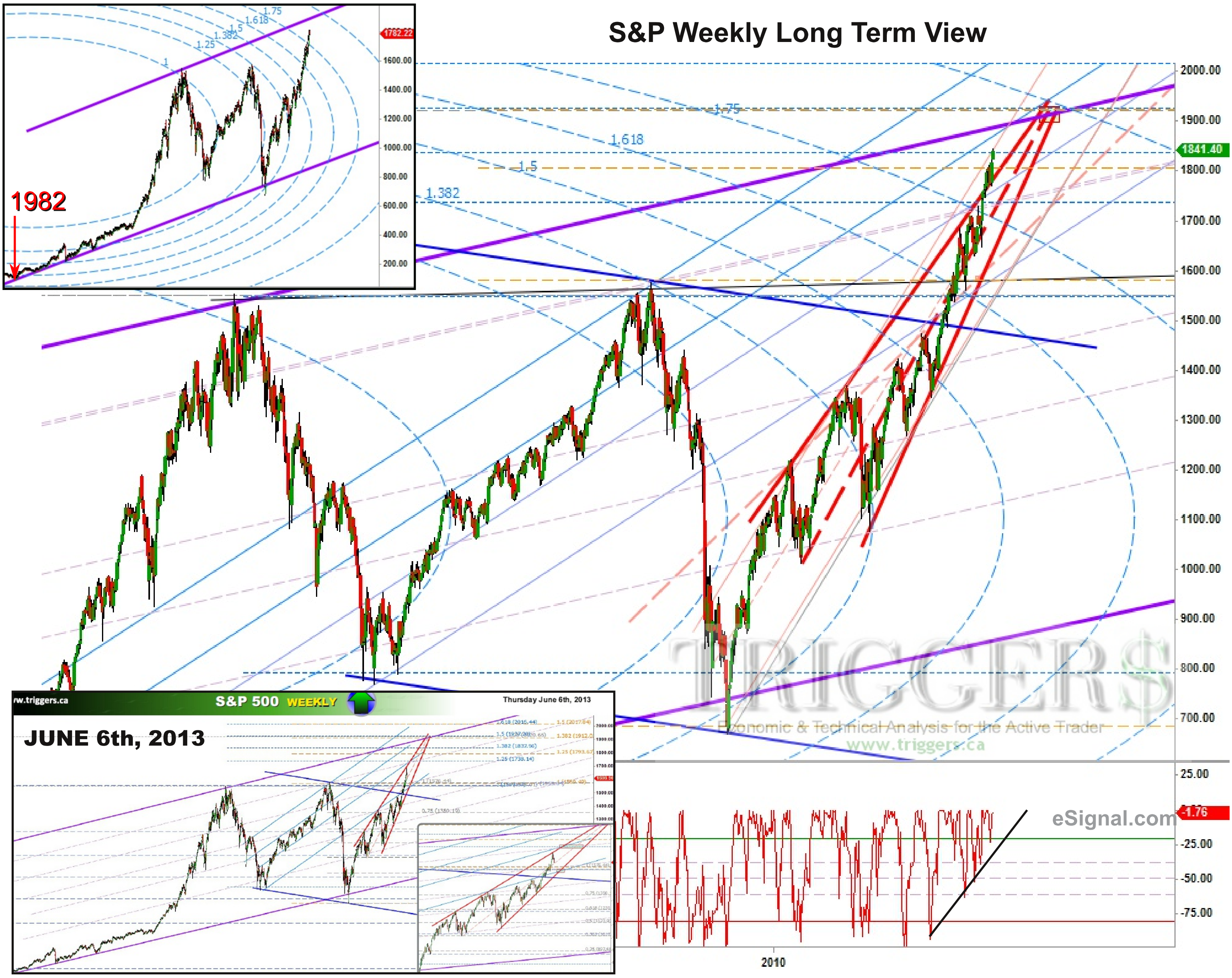
S&P Long-Term View II

as of Friday December 27th, 2013



The chart of the weekly long term perspective above is the view we have been following in our inter-issue updates for some time now ***(June 6th 2013 first appeared in updates, see lower inlay***).

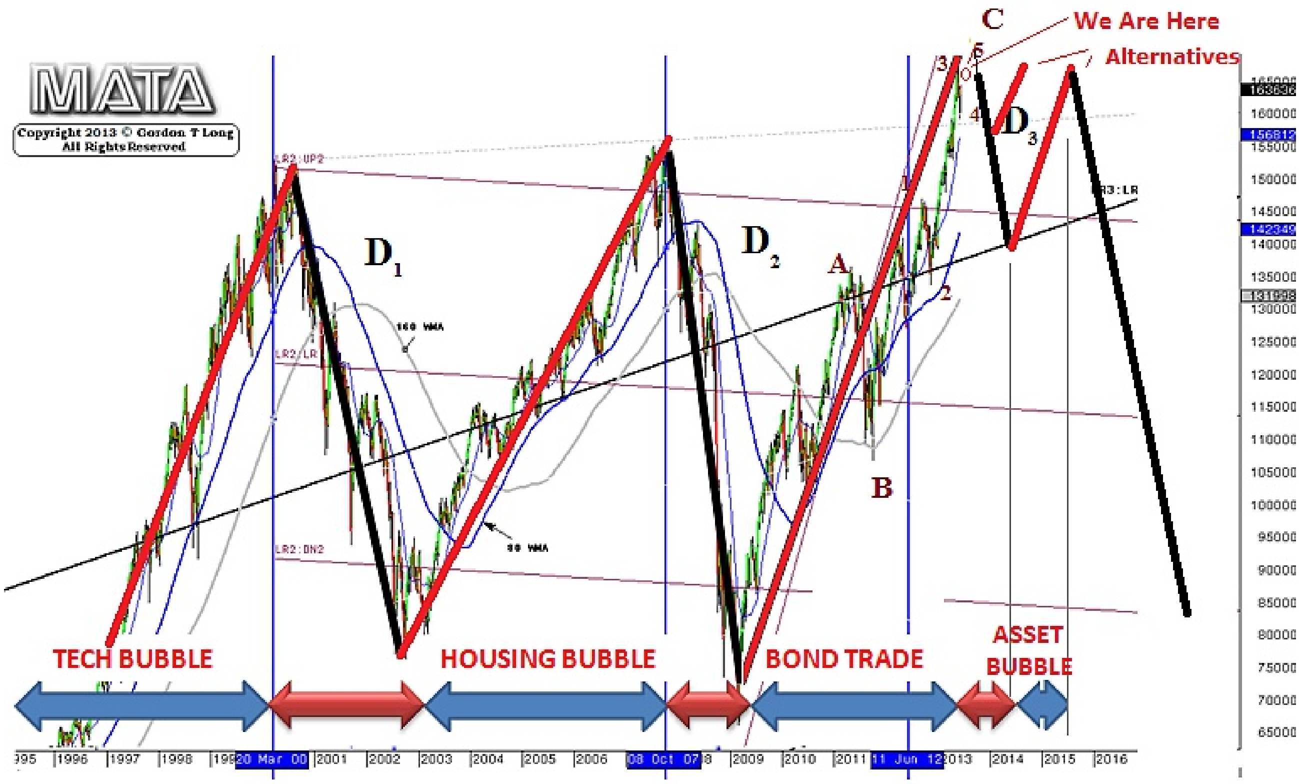
The purple channel originates from the lower trend support. The lower trend support starts back in 1982 (see upper inlay) and extends as we can see it.

We can see the next potential target at the channel top. The current red wedge pattern the market has been lifting in since about 2009 hits the upper channel where we can also see a Fibonacci cluster present. Also very close by is the next Fibonacci circle.

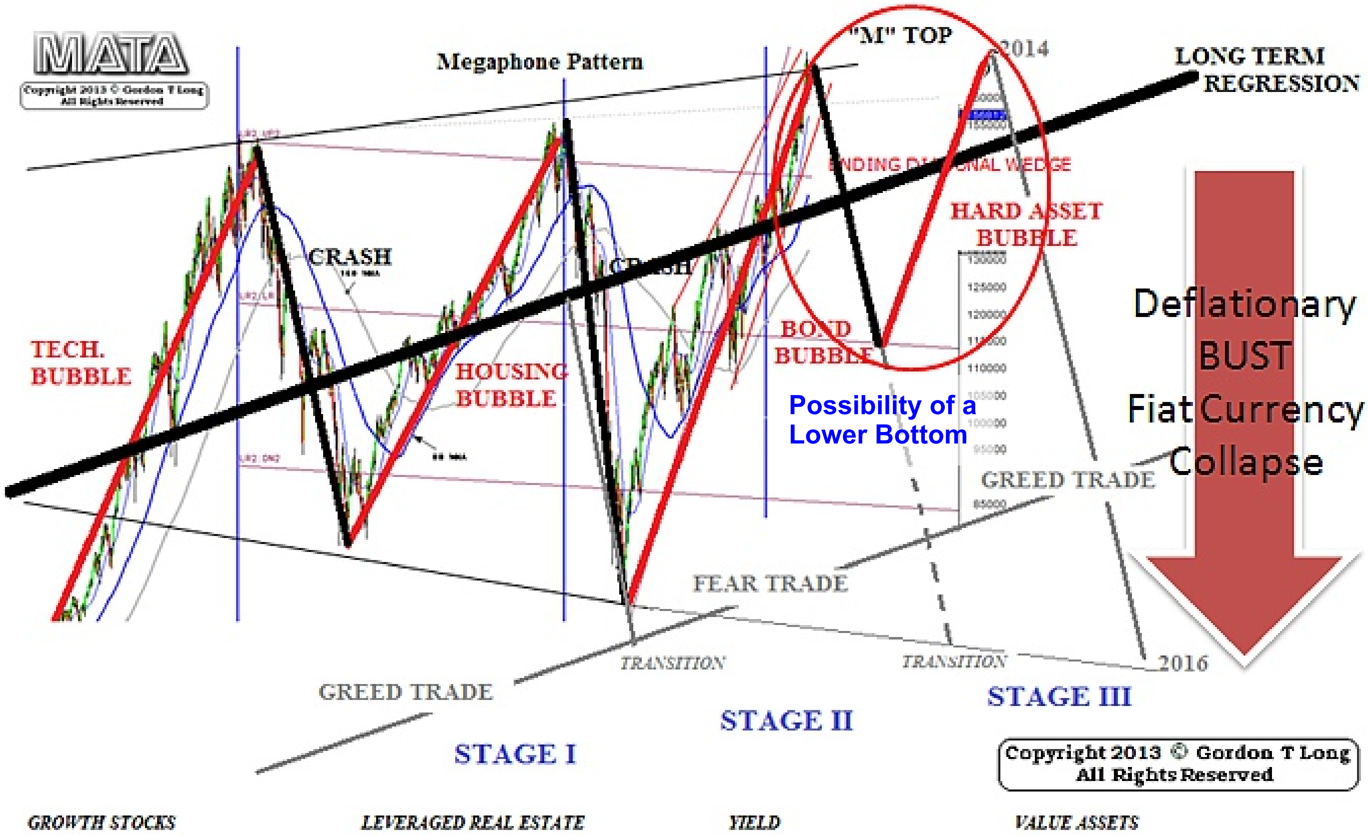
These all come together in roughly the same area and **suggest the market could lift as high as 1920.00, or slightly higher.**

The market has moved to the next resistance level since last month (Fibonacci extension); watching for a potential market reaction. The W%R is lifted in to the extremes and indicates positive pressure and more potential lift. A trend support can be seen on the indicator and this needs to be broken before we can consider the current trend is ending.

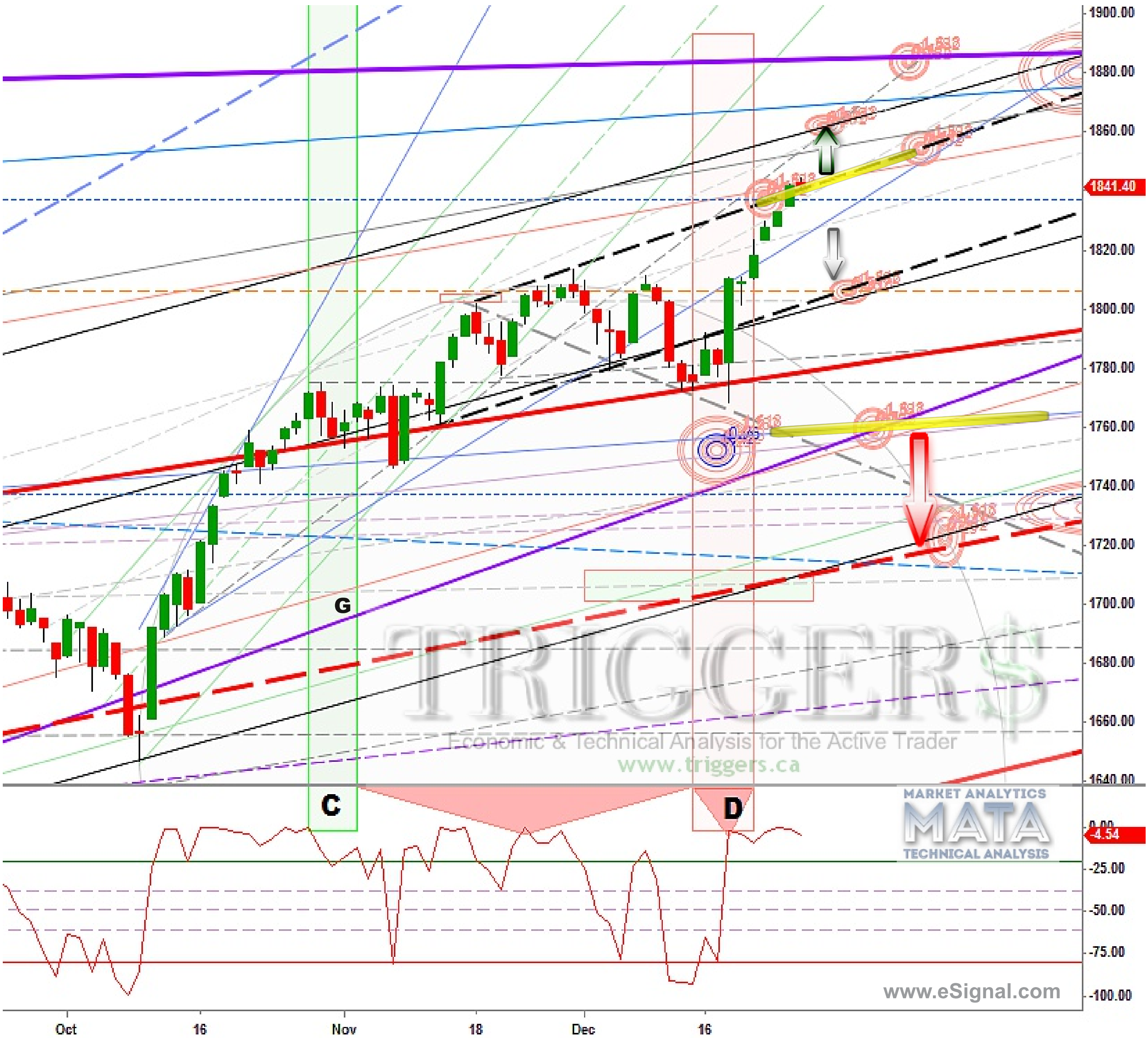
S&P Long-Term View III



YET ANOTHER POSSIBILITY IF COORDINATED CENTRAL BANK ACTIONS ARE DELAYED



S&P - A Closer Look *Daily View* as of Friday December 27th, 2013



The market currently sits at several resistances, including the significant black dashed trend line. If the market continues to lift through these, we can see the next likely technicals that could provide resistance, as well as several places of technical confluence to look towards for potential targets.

IF resistance holds and the market falls off, a potential drop to previous supports and a Fibonacci level can be seen, with a potential target where they all cross.

The W&R is lifted above the -20 level and indicates positive pressure and more potential up for the market in the near future. Dropping back below the -20 level would be warnings of a potential pull back and weakness coming back in the market.

IF the market continues the lift with strength, we could see it reach the top purple channel sooner than anticipated (see the long term weekly view). We would expect to see a consolidation, if not a topping being put in, likely moving the market over until it reaches the target on the purple channel shown on the weekly chart (where Fibonacci circles cross the purple channel). Given the increasing velocity of the moves we have seen from the market, time is going to need to be made up somewhere.

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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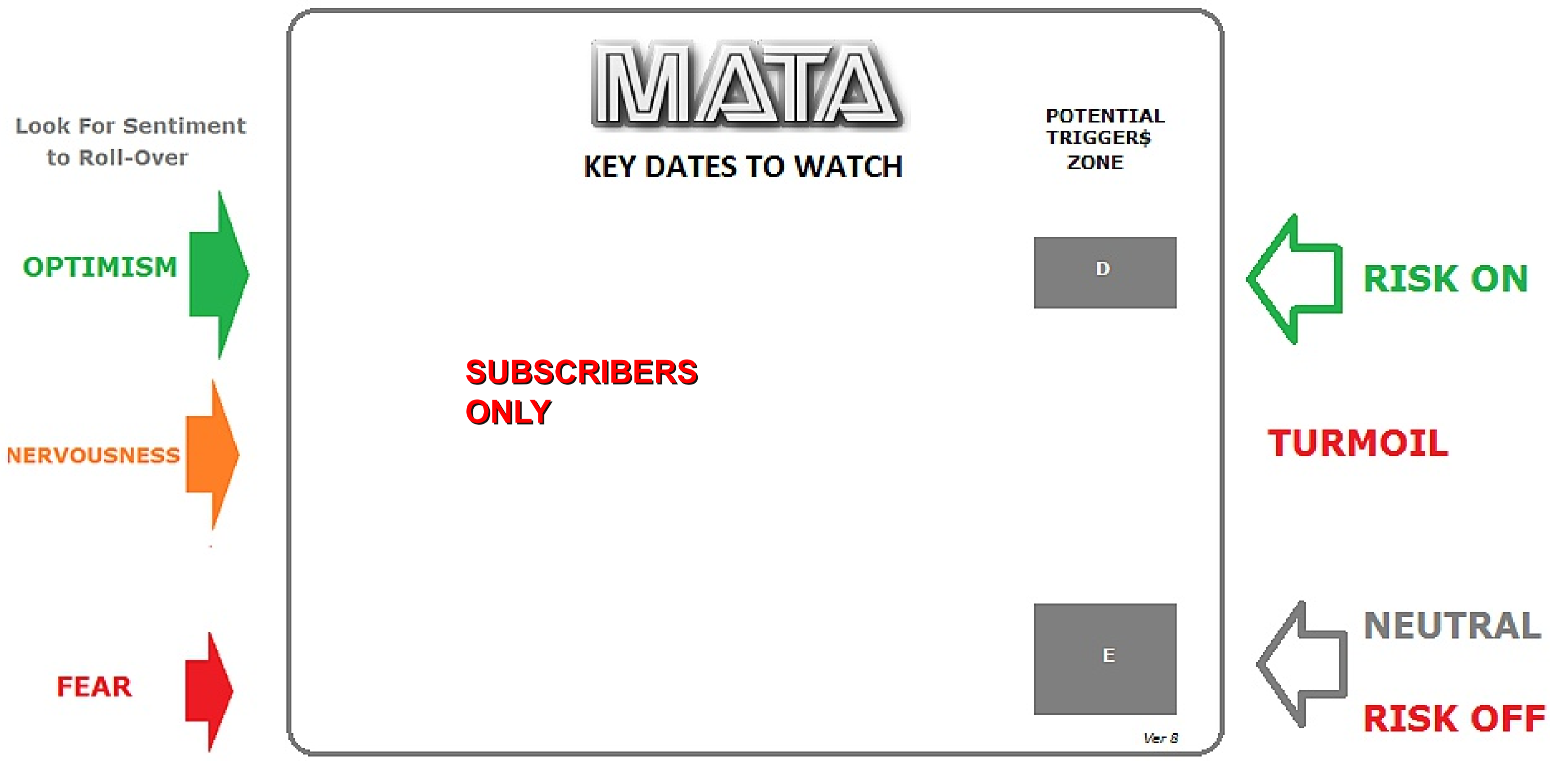
MATA TRIGGER$ ZONES *Key Dates to Watch*

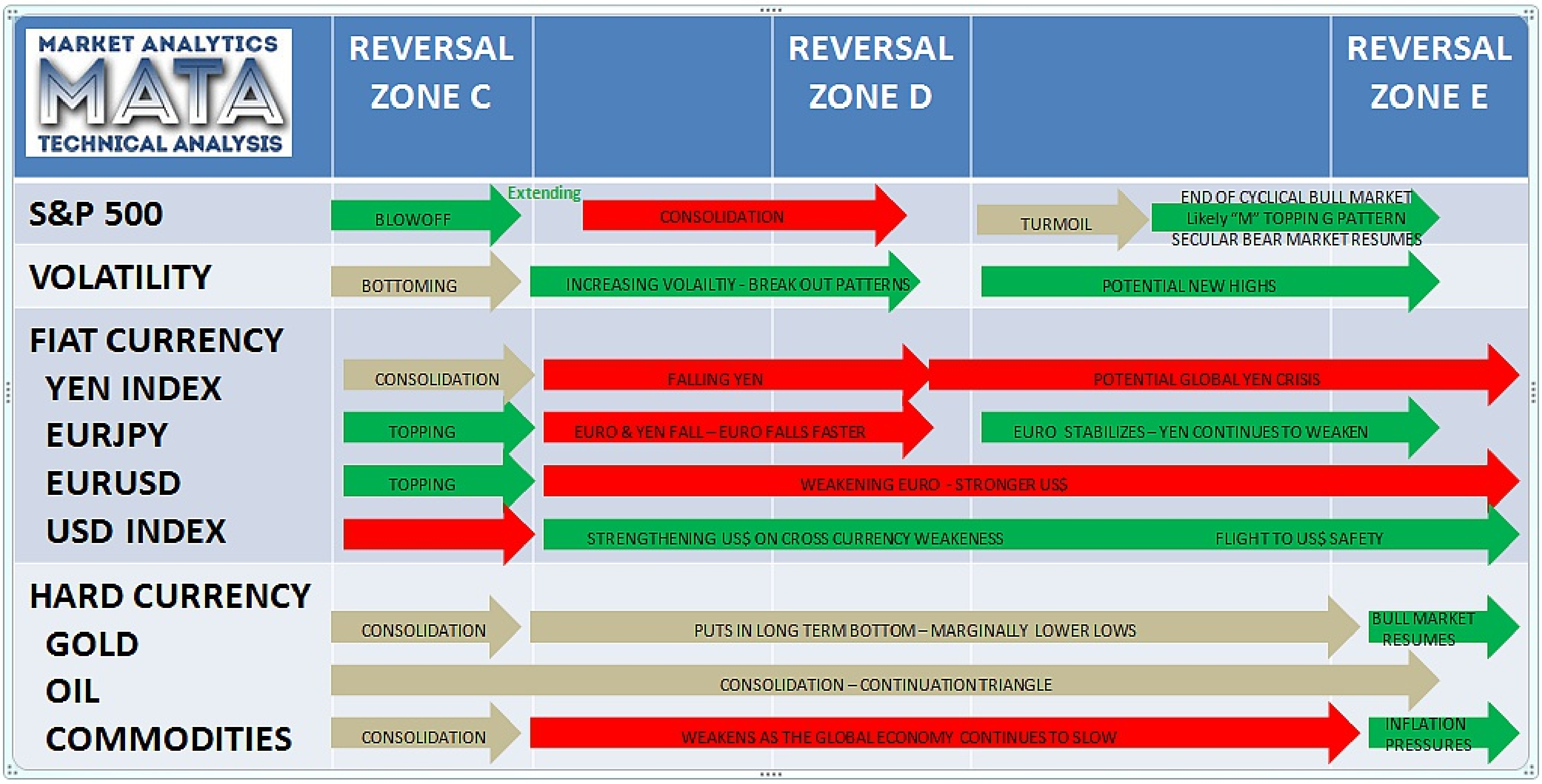


The MACRO TRIGGER$ Zones are supplied to better give subscribers a clearer warning of potential MACROECONOMIC shifts by large Institutional money.

The Zones represent times when a reversal may occur in the BIA$ towards institutional players placing margin & leverage (RISK-ON) or reducing their margin and leverage (RISK-OFF). Additionally it reflects their potential Bia$ towards cross-market / multi-market hedging.

These flow changes are often correlated across markets globally and are most easily recognized from the weekly charts which institutions focus on due to the size of their portfolio repositioning requirements.

MATA DRIVER$ & BIA$



MACRO TRIGGER$ ZONE$

Macro Trigger$ Zone$ identify transitions in risk behavior often labeled Risk-On, Risk-Off. Like water turning to ice or steam, this action is slow at first then abrupt. The exact timing appears random. Global interconnected market relationships adjust at various speeds often leaving the low capitalization, low volume equity markets as the last to shift compared to the massive debt market and even larger currency markets.

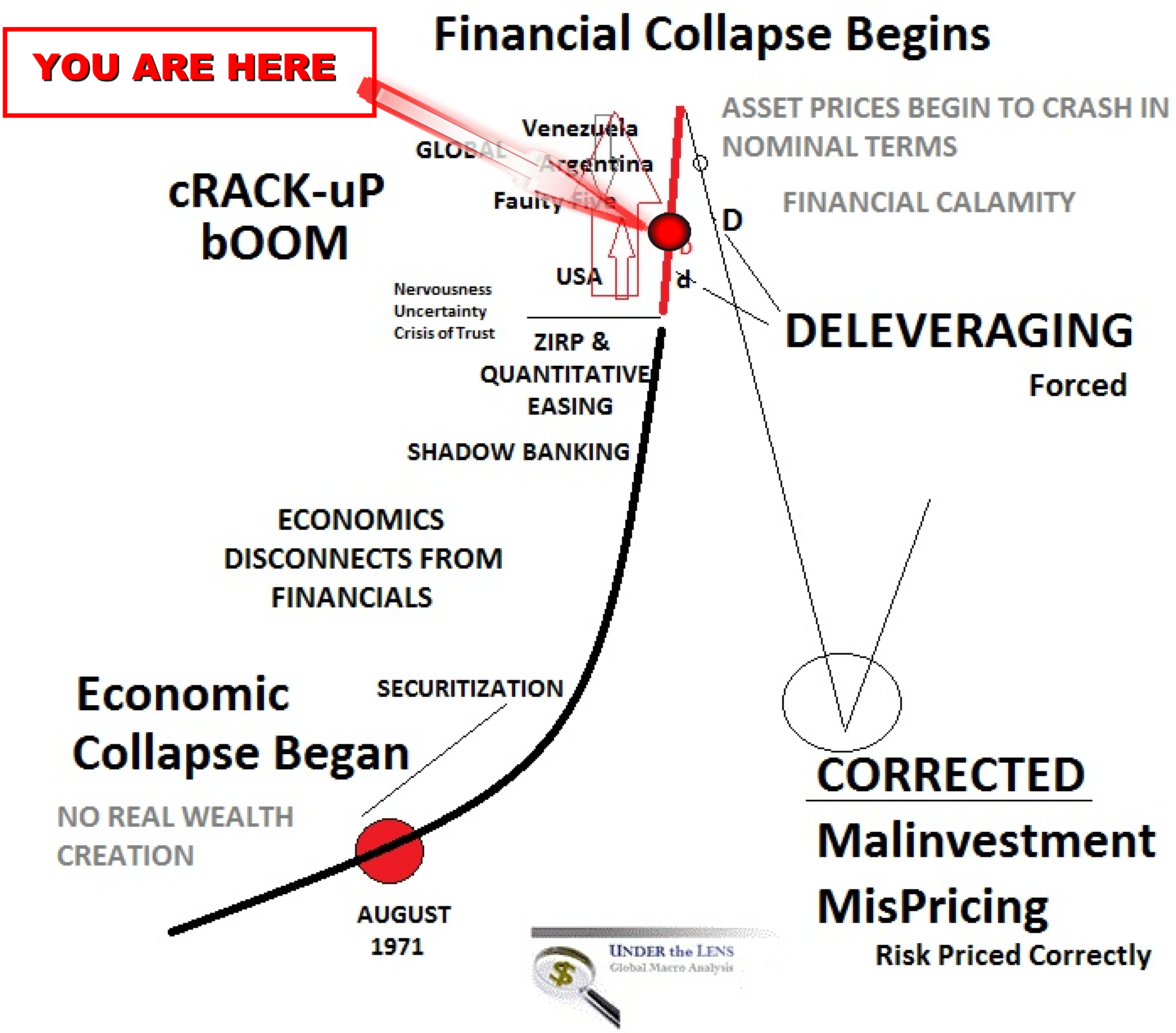
Macro Trigger$ Zone$ attempt to capture these potential macro shifts in trading bands or zones. It must be understood that equity markets are influenced in the short term by sentiment, in the intermediate term by risk and only in the longer term by the macro and valuation fundamentals.

However, Macro Trigger$ Zone$ transitions are often: 1.The largest moves, 2.Most predictable, 3.Identified on Weekly and Monthly technical chart, 4.Institutional and Fund adjustments, 5.The most profitable.

MARKET ANALYTICS MATA TECHNICAL ANALYSIS	YEN INDEX	EURJPY CROSS	EURUS$ CROSS	US$ INDEX
Technical Pattern	SUBSCRIBERS ONLY			
BIA$				

Seldom do these Currency Crosses align with such clear TRIGGER$. This suggests a strong CURRENCY MARKET adjustment is near.

MATA CONCEPTUAL SEQUENCE OF EVENTS



Feature Article

A SHOCKING FAILURE OF PUBLIC POLICY

A SHOCKING FAILURE OF PUBLIC POLICY

Gordon T Long

We just witnessed one of the greatest sellouts in American history. The media as usual was complicit in allowing it to receive little public attention.

The US Congressional Budget, which had shutdown the entire US government less than 60 days prior, quietly emerged from the much taunted 'super bi-partisan committee' (led by GOP Rep. Paul Ryan and Democratic Sen. Patty Murray), and was quickly approved in an equally stealth fashion, with the highly expected controversial budget receiving nothing more than a short press conference and a few well crafted public quotes.

"We have lurched from crisis to crisis, from one cliff to the next. That uncertainty was devastating to our fragile economic recovery… We agree that our country needs some certainty and we need to show that we can work together." Democratic Sen. Patty Murray

What was in this budget that allowed such completely differing views of America to take such a rare bipartisan act and abruptly and shockingly bring a dose of stability to Congress's fiscal policy-making for the next two years?

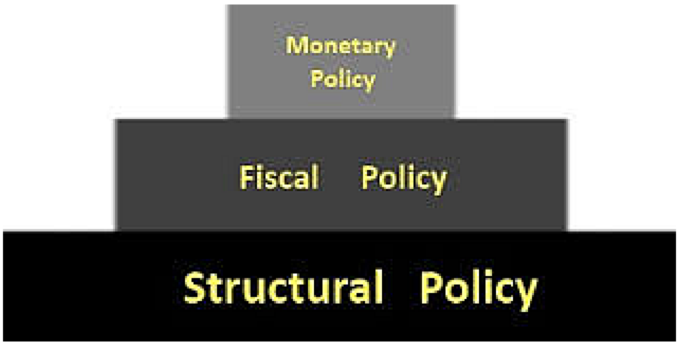
- **MORE SPENDING:** More spending for domestic and defense programs in the near term,
- **NO REDUCTIONS**: Deficit-reduction measures moved out by over a decade to offset the costs,
- **ABANDONMENT:** The abandonment of sequestration which was the only forced spending restriction before congress,

As Senator Chuck Schumer so eloquently pointed out to the Senate Banking Committee - "You (Chairman Bernanke) are the only game in town". This was a public acknowledgement that **political gridlock has left US Public and Fiscal Policy completely subservient to Monetary Policy**. This is actually a much bigger problem than the budget sell-out and the appointment of super 'Tobin' dove, Janet Yellen to replace Chairman Bernanke.

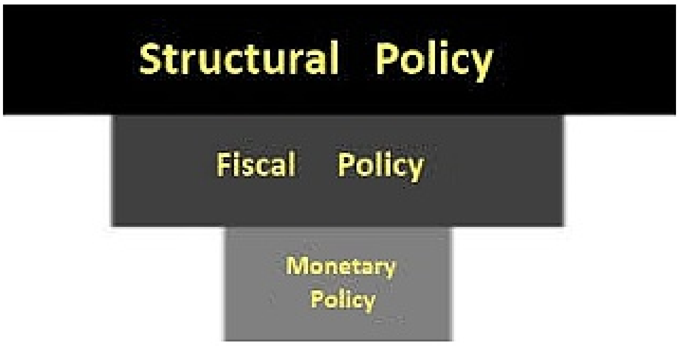
The LITTLE DUTCH BOY and the BUDGET COMPROMISE

(cont. pg.51)

A Shocking Failure of Public Policy (cont)



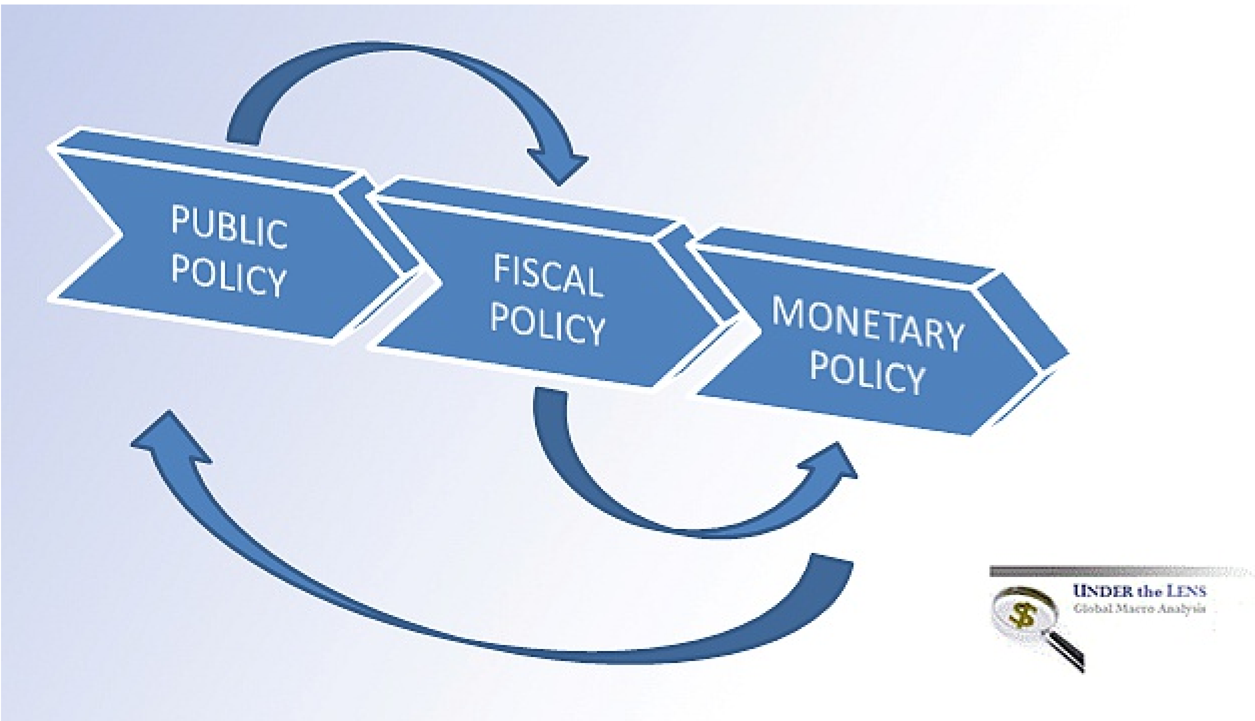
The Way It Was Designed



How It Currently Is Operating

Policy in a Capitalist System

Public, Fiscal and Monetary Policy are closely linked in a closed loop feedback system. One affects the other and is dependent on all the others.



(cont. pg.52)

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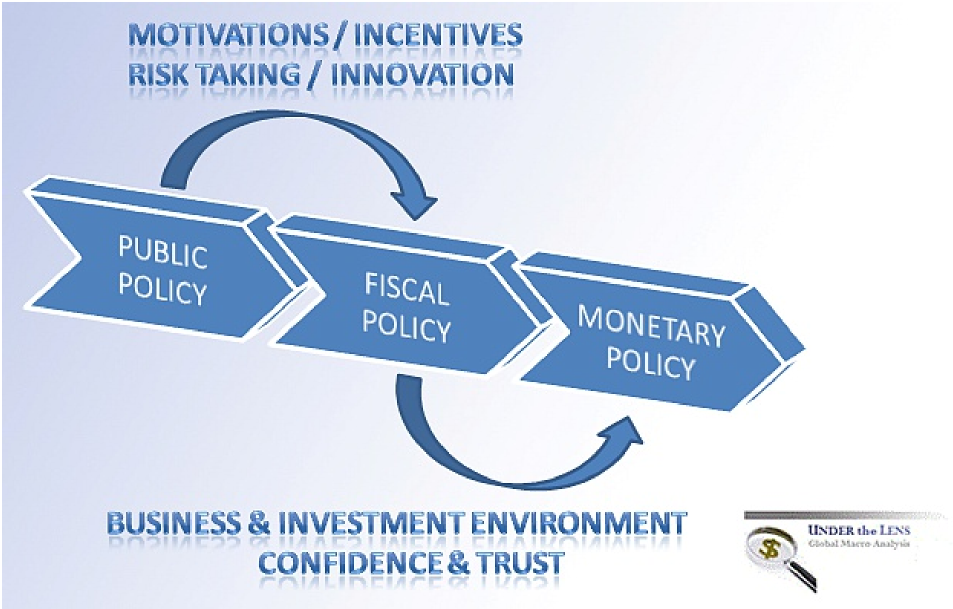
A Shocking Failure of Public Policy (cont)

Policy determines and guides sovereign societies' incentives and motivations.

It encourages risk taking in a capitalist system and fosters innovation.

The linage of Fiscal and Monetary Policy sets the stage for the country's business and investment environment. It instills the sense of confidence and trust which risk taking and innovation will spring from.



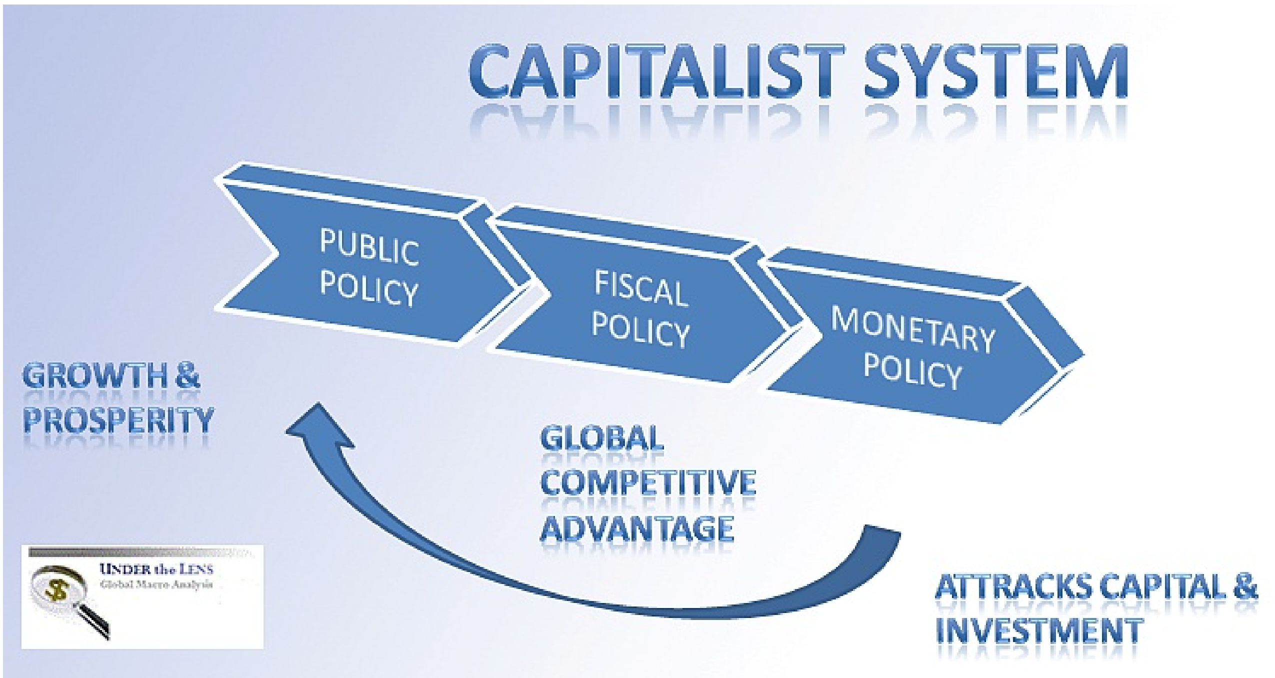
As easy as these words describe what the goals are, achieving them takes skilled and bold political leadership to design and gain consensus.

Successful policy will attract capital and investment.

It allows a country to steadily achieve global competitive advantage.

The result is growth and prosperity.

The fall of the USSR and the end of the cold war proved that a Capitalist System will consistently out perform a centrally planned socialist system over time.

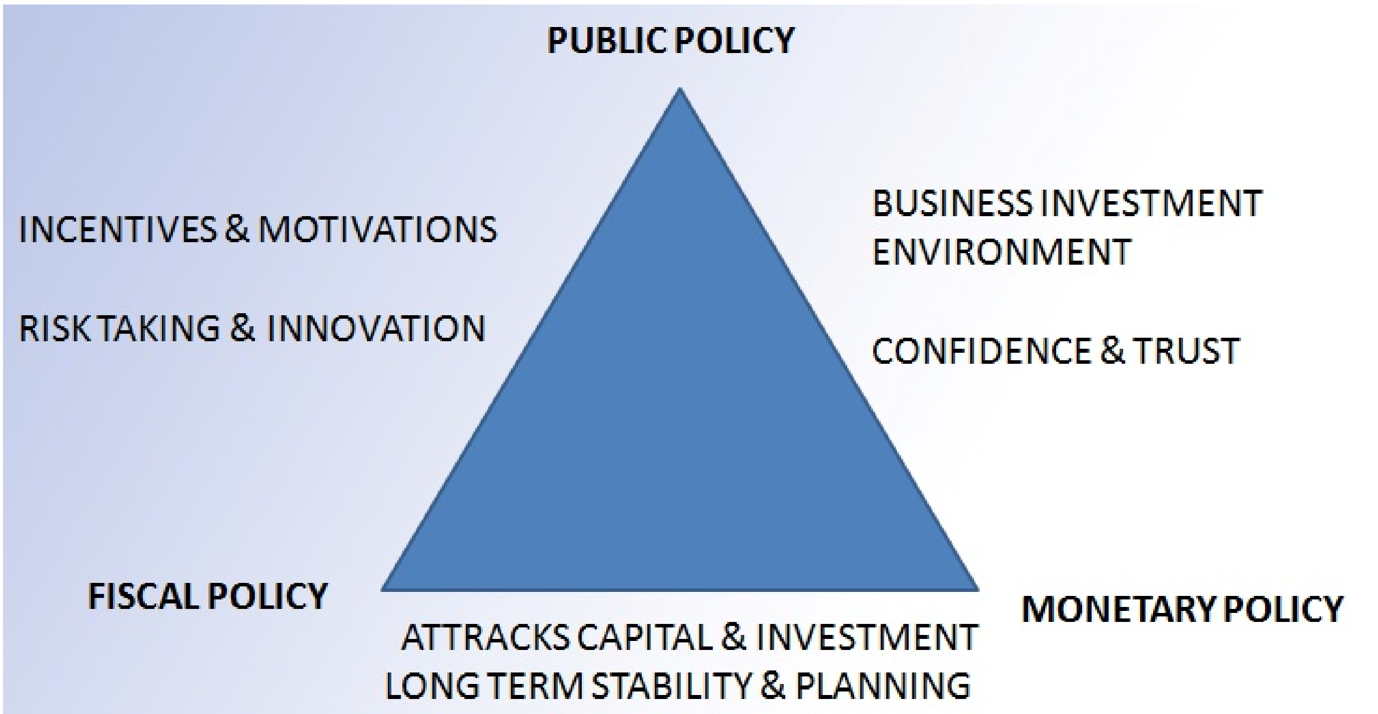


(cont. pg.53)

A Shocking Failure of Public Policy (cont)

It isn't the Policy, whether Public, Fiscal or Monetary in itself that is so critical but rather how it links with the other.

If one comes to dominate or one fails to be fulfilling its roll, the imbalance is destabilizing.



You may ask, how does this occur and why?

Here are some very old quotes that make it crystal clear:

'The American Republic will endure until the day Congress discovers that it can bribe the public with the public's money.'

Alexis de Tocqueville

Likely today we would just use the words "print the money" versus "the public money" because we are operating in fiat currency regimes. Another quote:

'A democracy cannot exist as a permanent form of government. It can only exist until voters discover that they can vote themselves largesse from the Public Treasury. From that moment on, the majority always votes for the candidates promising the most benefits from the Public Treasury with the result that a democracy always collapses over loose fiscal policy, always followed by dictatorship'.

Alexander Fraser Tytler (1747-1813)

(cont. pg.54)

A Shocking Failure of Public Policy (cont)

Dysfunctional Policy

How Socialism comes to Dominate

The Catalyst: A Crisis of Trust

The Failure of Democracies

The New Global Complexity

The Vault
Currencies & Metals

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

Contents Page

SILVER

as of Friday December 27th, 2013

Long-Term View - *Weekly*

Consolidation Continues
The large black wedge pattern that can be seen to have developed since 2003 says that silver may still need to have another drop to reach the wedge bottom support. A potential HPTZ has been marked where we can see several technicals coming together around $14.00. Currently in a consolidation, there may be still more up, potentially 1 more wave, to complete this in the short term, before the market looks for lower support.

Near-Term View - *Daily*

Since last month, silver has found support on the top of the grey s/r zone and moved sideways.

A break of an extreme level (-20, -80) from the W%R would warn of the next potential wave.

Otherwise, several trend lines can be seen around the market and these offer aggressive short term opportunities as the market moves from one technical to the next. Grey arrows offer examples.

It is unclear if B is in yet or not, or if the market will give us another lift for C. Technicals need to broken to tell us.

GOLD as of Friday December 27th, 2013

Long-Term View - *Weekly*

Near-Term View - *Daily*

EUR:JPY as of Friday December 27th, 2013

Long-Term View - *Daily*

Near-Term View - *Daily*

US$ as of Friday December 27th, 2013

Long-Term View - *Weekly*

Near-Term View - *Daily*

EUR:US$ as of Friday December 27th, 2013

Long-Term View - *Weekly*

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Feature Article

ON-SALE in 2014: Silver to $16.76, $15.15, then $13.71

Joe Russo, *Elliott Wave Technology*

Are such low silver prices ever possible again? Technically, yes.

Unless one was fortunate to have acquired the bulk of their physical silver allocation circa 2005 at an FRN price of under $6.00 per ounce (as many of our subscribers have), silvers fall from grace since its 2011 peak has been nothing short of a hellish nightmare for most.

Lesson; never go ALL-IN anything unless you can afford and are willing to lose your entire wager. Place your bets accordingly.

The current bear market in precious metals has had no mercy for those too anxious in backing up their trucks to load up on these highly valued and much sought after monetary components.

NEWSFLASH: Gold & Silver (REAL-MONEY) remains ON-SALE!

(cont.pg.84)

ON-SALE in 2014: Silver to $16.76, $15.15, then $13.71 (cont.)

The classic monetary metals shall always remain in high demand because throughout all of recorded history, they have NEVER FAILED in effectively balancing and insuring the most successful and well-rounded financial portfolios. Current price levels and the dominant downtrends in Gold and Silver are poised to lend prudent metals investors several more opportunities to dollar-cost average into another major bear market low in 2014.

The long-term chart above illustrates silver enmeshed in a ravaging bear market that is approaching 3-years in duration; note the downside swing target listed at $13.71 FRN's per ounce. From an Elliott Wave perspective, the (ultimately mega-bullish) primary move down to the red wave-2 is unfolding clearly in three corrective waves (a), (b), and (c) at the intermediate degree of trend. Of which, the current intermediate wave (c) decline appears poised to unfold in five waves down at the minor degree of trend labeled numerically in blue.

Zooming in closer from the long-term weekly price action above to the daily chart below, illustrates Septembers minor wave 4 crest at the $25.12 level followed by an impulsive minute decline to wave-1 at $21.21. Thereafter, a sideways upward correction to minute wave-2 (alt: light blue minor-4), and a current minuette degree five-wave decline toward the red colored minute 3-wave at the lower right portion of the chart is illustrated.

> (This 3-wave terminal alternatively labeled with the smaller degree light blue 5th wave terminals upon which, a print beneath $18.18 could alternatively end the entire primary bear market). If the pending red colored minute waves-3 and 4 remain in play, then the bears must hold any 4th wave rally beneath the $21.21 level, which would violate the wave-1 terminal, which in turn would suggest that a major primary 2nd wave bottom may have already passed.

(cont.pg.85)

ON-SALE in 2014: Silver to $16.76, $15.15, then $13.71 (cont.)

Most recently, after hitting the first downside swing target drawn at $19.18 on Monday (BAM!), $16.76 illustrates the next downside swing target. Also notable on the daily chart is the stiff horizontal resistance at $26.07, which defends a downside price target of $15.00 FRN's per ounce. The rising red trendline so arrowed defends a similar downside price target at $15.15 FRN's per ounce.

To sum up, although the precious metals markets can print a final bottom at any moment, if a major bottom were to occur in 2014, and the downside price targets mentioned above occur as forecasted, how might one begin to amass a prudent speculative position in silver over the coming year?

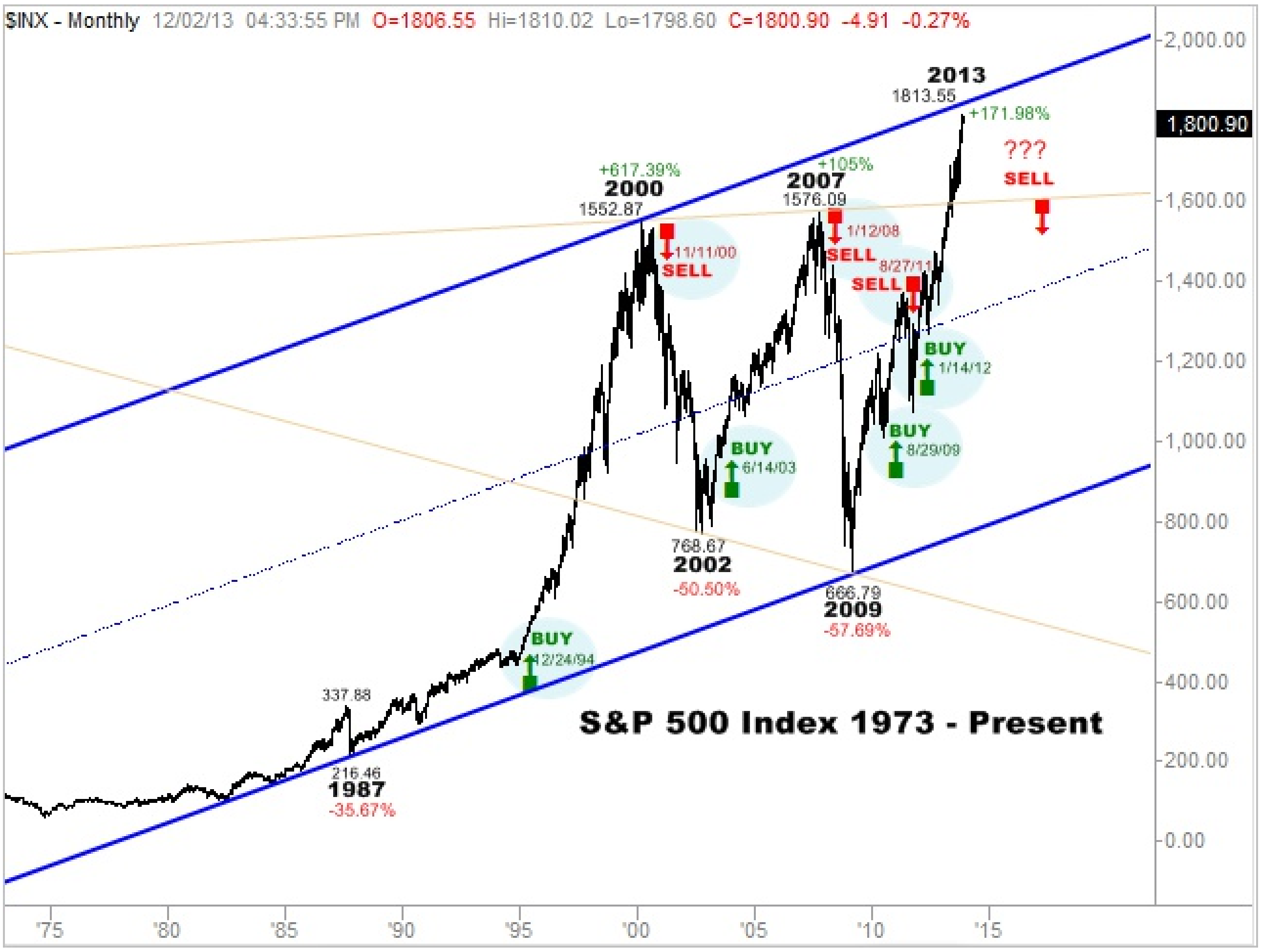
The first thing one must ask is how much physical Gold and Silver should one own relative to their net worth. (An annually rebalanced 10% allocation is the most common and conservative wisdom.) Secondly, if one has the sufficient number of FRN's (Federal Reserve Notes) on hand, might we suggest deploying only HALF the allocation, and deploy those FRN's in four-stages. Doing so will keep the other half of the allocation ready for future deployment in the event silver FRN prices go even lower than $13.71 per ounce.

For example: One could divide half their allocation within four purchase points starting with 25% now at $19, then accumulate 25% more at $16.76, then again at $15.15, and the last 25% at $13.71 for an average cost basis of around $16.00. If all goes according to plan, one would then be HALF-IN, and fully prepared to make four more similar purchases in the event silver goes all the way back to $6.00 FRN's per ounce, which is plausible, but highly unlikely.

(cont.pg.86)

ON-SALE in 2014: Silver to $16.76, $15.15, then $13.71 (cont.)

Buy Low, Sell High… That's what they say…



Perhaps another option to begin funding one's precious metals holdings is to take profits and sell some of that which is overvalued (stocks) in order to acquire that which is undervalued (monetary metals)

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.

Price of Gold Part of a Larger 'Party' Pattern?

THE DAILY BELL
Published by High Alert Capital Partners

Staff Report - December 30, 2013

Gold price collapse is the worst for 30 years ... The precious metal has been one of the worst-performing assets in 2013, bringing an end to a decade-long rally. Gold has fallen almost 28pc over the last 12 months ... Gold will finish the year as one of the worst-performing asset classes, bringing to an end a decade-long rally in the precious metal. Gold has suffered its sharpest fall in 30 years, down almost 28pc over the past 12 months to close 2013 at about $1,200 (£725) an ounce. – UK Telegraph

Dominant Social Theme: This silly yellow stuff simply doesn't perform.

Free-Market Analysis: There is no denying gold has fallen and hasn't yet gotten up. But the reasons for its failure and eventual resurgence remain intensely interesting.

Surely no logical person can doubt that the world's securities markets are manipulated. Would that it were not so, but it is. And very obviously, or so it seems to us, the manipulation is growing more severe.

But manipulations do not last forever. If the current price of currencies against gold does not represent a "true" price in the current market, then sooner or later the market will adjust the price.

One must visualize a kind of war going on between those who want to control the market and the many decisions of buyers and sellers that are determinedly interested in price discovery rather than a particular point of control.

Having pointed this out, we also must admit that currency price appreciation against gold has been considerable and this article does a good job of summarizing it.

(cont pg.88)

Price of Gold...(cont.)

Here's more:

Equities have won the battle over gold for investors' money this year," Ole Hansen, head of commodity strategy at Saxo Bank, said.

Last year, Mr Hansen correctly predicted that gold would finish the year at $1,200 and for 2014 he is forecasting that prices may have already bottomed out.

... "A year down the line, we could be around $1,250 an ounce," he said. Demand for gold had led the charge in resources demand that became known as the commodities "super-cycle", but no longer.

Gold was the biggest loser after the US Federal Reserve announced that it will taper its bond purchases by $10bn a month from next year. The metal fell almost 3pc immediately after news of the taper hit the market.

Central banks globally are already following the Fed's lead and easing back on the money printing that has been the primary policy tool to lift the developed world out of recession, and a major factor behind investors seeking higher yields in gold.

"Sentiment is stacked against gold," said Mark Bristow, chief executive of African-focused gold mining company, Randgold Resources. "Globally, economic policy has been driven by popular politics and not sound business sense." Mr Bristow said that not all of the downward pressure on gold prices is due to global economic forces. Over-production is now a major problem, especially among miners operating on low margins.

This article cites over-production of gold as a key factor in currency appreciation against the yellow metal. And yet the ongoing reported lines of gold buyers in China and India provide us with an alternative reality, one that seems to contradict the oversupply argument.

We are told as well that the expansion of the Fed "taper" has put downward pressure on gold but the taper is a relative latecomer. Gold collapsed a while ago.

We are informed that the sell-off was merely a market phenomenon. Trees do not grow to the sky and after a decade of fairly steady decline in paper currencies relative to gold prices, it was time for a bit of paper price appreciation. Maybe, and yet we are not convinced ...

We note that gold price manipulation is now formally under investigation in London and that the price of gold is "set" by traders and banks rather than by the market. We are supposed to believe there is a technical reason for this, but there is none – except that "setting" prices is far more conducive to manipulation than observing and recording them.

We have seen as well that equity market manipulations are becoming more and more evident. We've called this the "Wall Street Party," and despite occasional shrill denunciations from

(cont pg.89)

Price of Gold...(cont.)

alternative media pundits, we would tend to believe that the current equity market moves can continue upwards for some time, albeit with pauses, and severe or not-so-severe pullbacks.

Janet Yellen's bias toward money printing – which she will soon bring to the Federal Reserve's top job – generally low interest rates around the world, the fracking phenomenon that purports to provide the world with efficient and plentiful oil, and lower gold prices all contribute to a favorable outlook for stocks especially.

Sometimes when listing factors supporting this Wall Street Party phenomenon we forget to include the great gold route. But to speculate that the gold downturn was either generated or manipulated for purposes of boosting equities would not be especially rash within the larger frame of reference.

In any event, these basics abide; it is indeed reasonable to believe that if there is a larger bankers' plan to boost securities, especially stocks, paper price appreciation against gold will continue as well.

It is also wise to assume that the latest stock manipulation, as broad as it is, will not go on forever and thus at some point gold will again prove how it retains value against a slew of paper currencies including the dollar.

Conclusion: Paper appreciation against gold is just one more reason to conclude that there is at least a short-term stock manipulation being implemented. One cannot necessarily point to a "smoking gun," but the pattern reveals a motive that inevitably accompanies the reality.

The Value of Fiat Dollars in Relation to the Sale of Crude Oil

Adask's law
THE PROFIT OF INJUSTICE

he Washington Examiner recently published an article entitled “Oil industry starts to push to end ban on exports of crude oil.”

That article reported, in part, that:

“The oil and gas industry is seizing on recent comments by [U.S. Department of] Energy Secretary Ernest Moniz to push for an end to the United States’ 40-year-old ban on crude oil exports.

“The American Petroleum Institute says the U.S. energy boom has made the ban irrelevant, citing Energy Information Administration projections this week that domestic oil production would hit a near-record 9.5 million barrels per day by 2016.”

(cont pg.90)

Value of Fita Dollars (cont.)

That's interesting—especially the fact that the ban on sale of US crude to foreign countries began about 40 years ago.

Q: If the ban on selling US crude oil to foreign countries is lifted, what'll it mean?

A: There'll be more competition as foreign countries seek to purchase US crude. More competition to purchase US crude oil will cause the prices of US crude and US gasoline to rise.

Q: Will rising energy prices threaten the fragile US economy?

A: Almost certainly.

Q: Therefore, will the national government allow US crude oil to be sold to foreign countries (and thereby raise domestic energy prices) while the economy is still struggling?

A: You'd think the answer would be No.

But, if so, why has the Secretary of the US Department of Energy advocated an end to the ban on the sale of US crude to foreign countries? You'd think that somebody should've told the Secretary of Energy that we're not going to do anything to increase energy costs and threaten the economy at this time. It's hard to imagine that a prominent officer of the US government would "accidentally" advocate a policy that's likely to cause an additional drag on the US economy.

Therefore, I'm forced to suppose that the national government may be willing to intentionally risk degrading the economy further in order to support the oil industry prices and profits.

• This increased risk is particularly interesting to me because the ban on the sale of US crude to foreign countries started 40 years ago—about A.D. 1973.

That's an interesting era.

Q: What else happened back about that time?

A: The US dollar had lost its domestic gold-backing in A.D. 1933; lost its domestic silver-backing by A.D. 1968; and lost its international gold-backing when President Nixon closed the "gold window" in A.D. 1971. Thus, by A.D. 1972, the US dollar had become an intrinsically worthless, pure fiat currency that was likely to suffer significant inflation and devaluation—and might even become worthless and expire.

However, the Nixon administration cut deals with Saudi Arabia and OPEC whereby those oil-producing countries guaranteed to sell their crude oil for only US dollars. By means of these deals, Nixon created "petro-dollars" that, although intrinsically worthless, were implicitly backed by foreign crude oil.

I.e., because foreign oil-producing nations had agreed to sell their crude oil for only US dollars, before the other nations of the world could buy crude oil on the international markets, they had to first have intrinsically worthless US dollars. The resulting international demand for dollars

(cont pg.91)

Value of Fita Dollars (cont.)

imparted an implied value to fiat dollars. That implied value allowed fiat dollars to continue to: 1) spend as if they were backed by gold or silver; and, 2) continue to function as the "world reserve currency".

• Nixon closed the gold window in A.D. 1971, cut a deal with the Saudi's in A.D. 1972, and banned selling US crude to foreign countries about A.D. 1973. These three events may be unrelated, but it's reasonable to suppose that part of the A.D. 1972 deal with the Saudi's (and, later, OPEC) to support US dollars included a US promise to stop competing with the Saudis and OPEC in the international crude oil markets.

Thus, it appears possible that, in order to protect the fiat dollar, the US government prevented most US crude oil production from being sold on international markets.

More, because the US wasn't selling in the international crude oil market, the fiat dollars that were being pumped into foreign countries and foreign crude oil markets would not come back to the US to purchase US crude oil. (Perhaps, the US gov-co was not about to sell US crude for something as worthless as US dollars.)

The "petro-dollar" scheme worked brilliantly until A.D. 2000 when Saddam Hussein began to sell Iraqi crude for euros. Doing so threatened the petro-dollar's hegemony as the only "world reserve currency" and implied value.

Under the pretext of destroying Iraq's Weapons of Mass Destruction (WMDs), our government invaded Iraq, hanged Hussein, supplanted the Iraqi currency with fiat dollars and subjected the Iraqi people to eight years of war. But there were no WMDs. Our government invaded Iraq for no valid reason that was publicly disclosed.

I have no doubt that the real reasons for the Iraqi War were: 1) to stop Iraq from selling its crude oil for currencies other than fiat dollars; and, 2) send a message to every other oil-producing country that if they dared to sell their crude for currencies other than dollars, they'd get a dose of the same "shock and awe" that terrified Iraq. But if these were the true reasons, the invasion of Iraq failed.

Today, ten years after the A.D. 2003 invasion, the dollar's value as measured on the US Dollar Index has declined from 125 to 80—a loss of 36%. Given that the US Dollar Index calculates the value of the fiat dollar against six other fiat currencies that are also falling in value, the real loss in US dollar purchasing power over the past ten years is probably somewhere between 50% and 70%. Thus, the invasion of Iraq did not succeed in protecting the value of the fiat dollar.

In the last five years, some nations have begun to follow Iraq's example and are selling their crude oil and other products to other nations without any intervening use of fiat dollars. As a result, the US dollar's status as World Reserve Currency has been diminished. The invasion of Iraq failed to fully protect the "world reserve currency".

Because the fiat dollar has lost much of its purchasing power and is certain to continue to do so, the fiat dollar is no longer deemed to be "good as gold". People, institutions and governments that were once content to store their wealth in the form of fiat dollars are beginning to doubt that the dollar can protect their wealth and are therefore dumping dollars. As a result, the flood of fiat "petro-dollars" that we pumped out into the world since A.D. 1972 have begun to stream back

(cont pg.92)

Value of Fita Dollars (cont.)

into the US as foreigners buy US land, resources, buildings and infrastructure. The cultural norms of this nation will be compromised by the inflow of foreign-held dollars. Our petro-dollars are coming home to roost.

• The purpose for the previous stroll down memory lane is to illustrate that, since A.D. 1972, the perceived value of the US fiat dollar has been largely dependent on the dollar's relationship to the sale of crude oil. That relationship included a ban on the sale of US crude to foreign countries.

But today, the US oil industry and the US Secretary of the Department of Energy are advocating a restoration of the sale of US crude to foreign countries.

Q: If that restoration takes place, will it constitute a break in the former agreements with the Saudi's and OPEC?

Q: If so, will those agreements therefore die?

Q: If those agreements die, will the US fiat dollar lose its last vestige of support as a "petro-dollar"?

Q: Will the fiat dollar's status as World Reserve Currency be further compromised?

A: Yes, Yes, Yes, and, umm, Yes.

• But, more importantly, if (as implied by the US Energy Secretary's remarks) the US is:

1) Preparing to allow the sale of US crude oil to foreign countries; and,

2) If such sales will strip the fiat dollar of much of its apparent value; then,

3) Does that mean that the US is approaching a moment when government will intentionally allow the value of the fiat dollar to fall dramatically?

If so, does government's apparent intention to lift the ban on selling US crude to foreign countries signal that government is getting ready to let the fiat dollar die?

I.e., if the original, A.D. 1972 deal with the Saudi's and OPEC included a promise to ban selling US crude on foreign markets, but the US government now opts to lift that ban, does that lift break the original deal? If so, will the Saudi's and OPEC begin to sell their crude for currencies other than fiat dollars? If the US dollar is no longer required to purchase foreign crude oil, what will remain to sustain the illusion of fiat dollar value? Without the implicit backing by crude oil, won't the fiat dollar lose much more value and perhaps die?

If the gov-co is ready to intentionally precipitate that chain of events, does that signal that gov-co has decided to intentionally collapse the fiat dollar?

Breaking Stories from SERCE
Elliott Wave Technology's
Social and Economically Relevant Curatorial Exchange

These 2 articles were plucked from Joe Russo's Elliott Wave Technology's SCOOP IT page. A great source of alternative reading and information.

END

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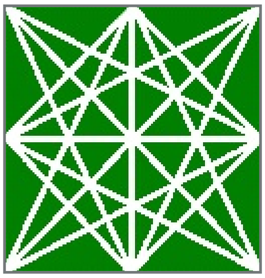
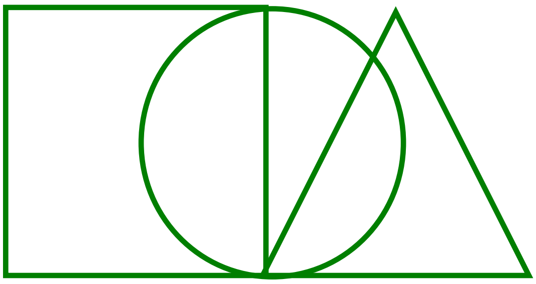


Forecasting to Trade: TIPS & TRICKS

Market Geometry 101



Market Geometry 101

You may not think of geometry when you think of technical analysis; however the subject is very extensive. Masters like Gann have recognised the geometry in the markets and have used it to their advantage. Although it may not be as common as channels and trend lines, it is just as powerful (if not more so).

There are probably a couple of reasons you don't see a lot of market geometry in the mainstream. Not everyone has figured it out, and those who have aren't willing to spill the beans.

Gann wrote a book about it; however his story is an allegory and unless (a) you know this and (b) can figure out the sub-text, then the story doesn't appear to have anything to do with the markets at all. He spent a lot of time and effort obscuring his findings and we have to wonder why.

(cont.pg.95)

Market Geometry (cont.)

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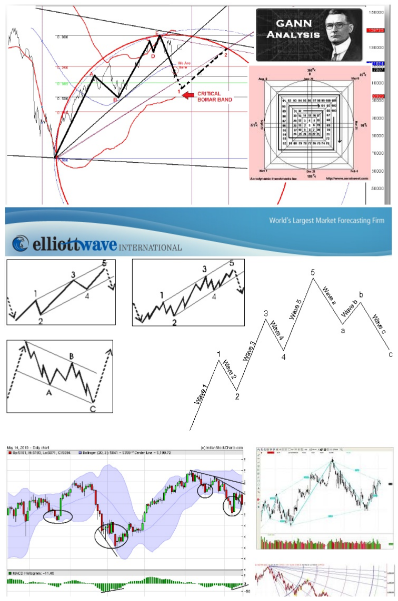

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Where are we going?

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Welcome to 2014!

What do you think is in store for the markets this year? Will we continue to push to new highs or will we see a correction? Maybe a reversal?

While there certainly are a lot of opinions on the subject to choose from, let me hear what you are thinking, dear reader, and we can discuss.

Here's hoping 2014 brings you health, happiness and profit!

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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.

CLASSIFIEDS

Have something to say? TRIGGER$ is read by all levels of market participants: investors, traders, brokers, managers etc. Get your message out to those who are serious about their market involvement. Contact goldenphi@triggers.ca to place yours.

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THROUGH EXTENSIVE RESEARCH, ABSTRACTION AND ASTUTE SYNTHESIS, GORDON DELIVERS FRANK PERSPECTIVES ON GLOBAL MACRO-ECONOMICS AND INSIGHTFUL CONCLUSIONS NOT FOUND IN MAINSTREAM COMMENTARIES.

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.