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TRIGGER$

Economic & Technical Analysis for the Active Trader

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OCTOBER 2015
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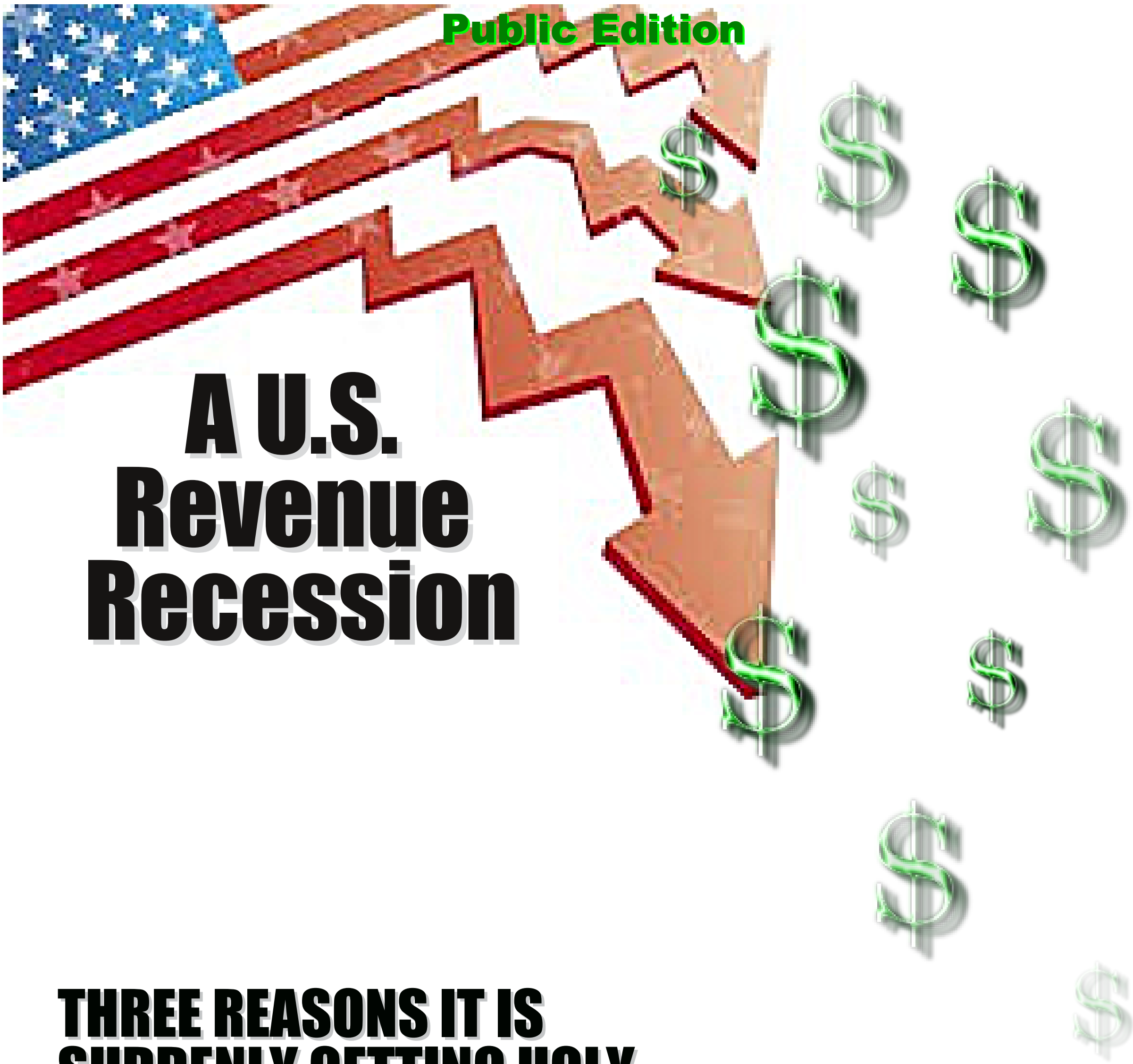
Public Edition

Public Edition



A U.S. Revenue Recession

THREE REASONS IT IS SUDDENLY GETTING UGLY

IS THE FED PREPARING FOR QE4 ... OR EVEN WORSE - "HELICOPTER MONEY"?

TECHNICAL TRADING: TRADING THE PLAN

$9 TRILLION IN VAPORIZING CREDIT

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

S&P Long Term Views; Targets; A Closer Look; MATA TRIGGER$ & DRIVER$

www.GordonTLong.com

Gordon T Long
Market Research & Analytics

October 2015 - Public Edition

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Public Edition

Welcome to ***TRIGGER$ Free Public Edition*** of our October 2015 publication.

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

At Least 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 Mentor*** 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!

use the Public Edition Contents to navigate this issue

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Contents

(Public Edition)

Full Content ***Partial Content***

Contents

(Public Edition cont.)

Full Content *Partial Content*

*Welcome to **TRIGGER$!*** **OCTOBER 2015** ***VOL.V, ISSUE*** **#10**

Welcome to TRIGGER$ - more than just another trading magazine, each issue is a complete market report for your due diligence.

Another Great Issue!

Gordon looks at the ***US Revenue Recession***; ***Three Reasons it is Suddenly Getting Ugly***; if the Fed is preparing for QE4; and $9 TRILLION in Vaporizing Credit. His cover and three feature articles are a must know for understanding todays markets.

Last month I discussed *Planning the Trade*, this month we look at ***Trading the Plan***.

All our regular sections are here as normal for a greater market perspective; targets are being hit!

Thank-you &
Good Trading!
Andrew J.D. Long, *MFTA*
" GoldenPhi"

TRIGGER$ Media Publications Inc.

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Technical Analysis: GoldenPhi & Gordon T. Long

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1

Contents

use the Public Edition Contents to navigate this issue

Contents Page

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.

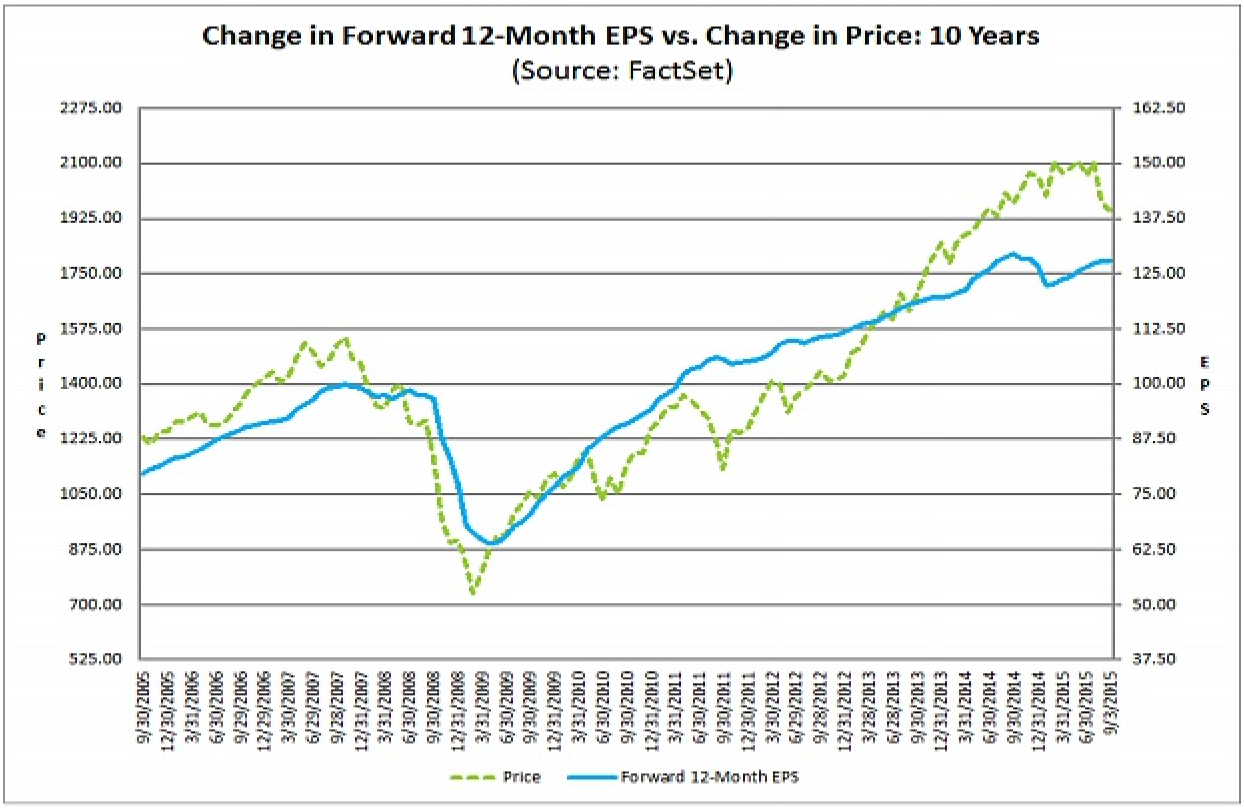
"Techni-Fundamentalism"

A U.S. REVENUE RECESSION

Gordon T Long

I have been talking for some time about a potential earnings recession and possibly even something worse on the horizon. Q2 Earning season and conference calls were as we expected. It marked the first time the S&P 500 index has seen two consecutive quarters of year-over-year revenue declines since Q2 2009 and Q3 2009. The blended revenue decline according to Factset for Q2 2015 was negative -3.4%.

EPS held up by share buybacks has been signaling this problem for some time now.



(cont pg.4)

A U.S. Revenue Recession (cont.)

TWO NEGATIVE QUARTERS – Revenues then Earnings

S&P 500 REVENUES – *In a Recession*

An economic recession is characterized as two consecutive quarters of negative growth. Though the media will avoid saying it, two consecutive quarters of negative top line sales growth by the S&P 500 markets indicate a "Revenue Recession". Such an event always precedes worse to come and I was unable to find and example where this was not true!

Q2 2015 marks the first time the S&P 500 index has seen two consecutive quarters of year-over-year revenue declines since Q2 2009 and Q3 2009. As I said earlier, the blended revenue decline for Q2 2015 according to Factset was -3.4%.

FACTSET EARNINGS INSIGHT September 4, 2015

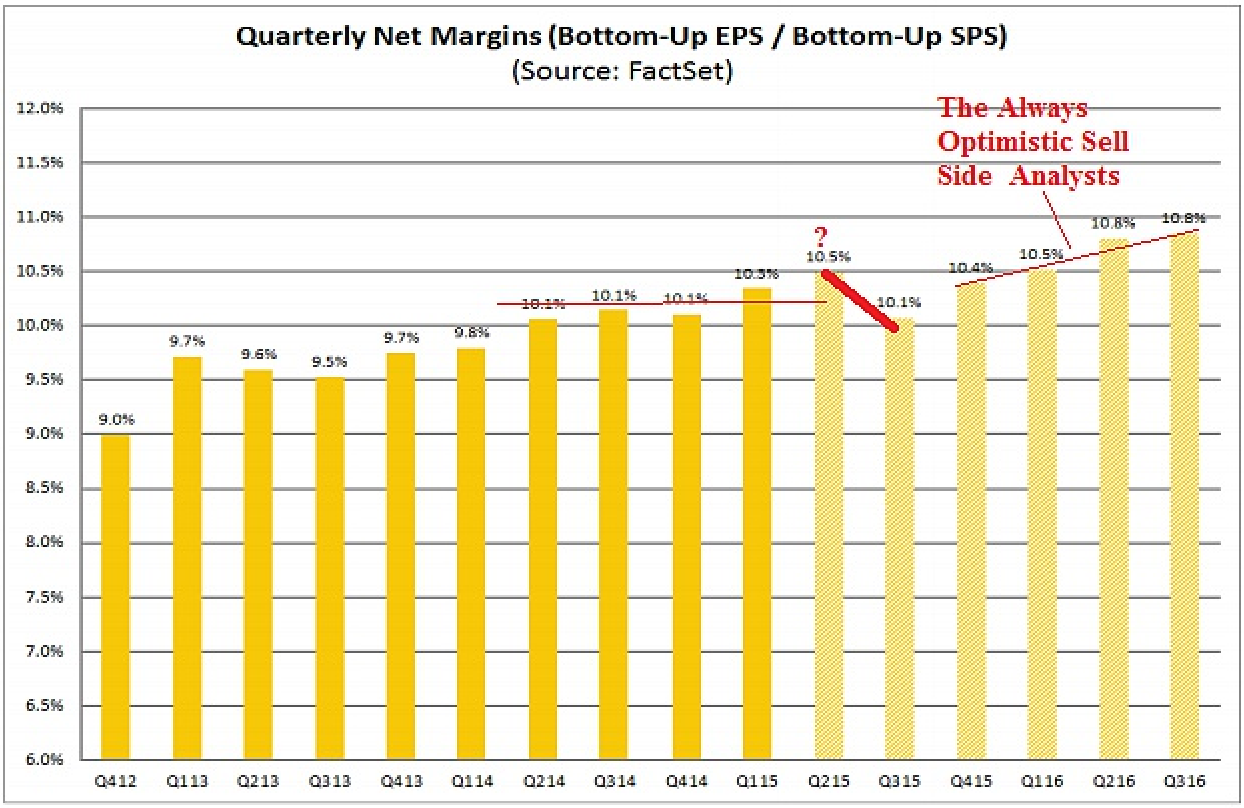
Q2 2015 Earnings Season: By the Numbers

Overview

Due to companies beating revenue estimates in aggregate, the blended revenue decline for Q2 2015 is -3.4%. This marks the first time the index has seen two consecutive quarters of year-over-year revenue declines since Q2 2009 and Q3 2009. At the sector level, the Energy sector reported the largest year-over-year decrease in sales. On the other hand, the Health Care sector reported the largest year-over-year increase in sales.

S&P 500 EARNINGS – *Serious Margin /Currency Issues*

Margins shot up to save the earnings this quarter for reasons no one can explain other than historic levels of new car leases. Also these historic high margins are expected to increase even further? Something is obviously wrong here?



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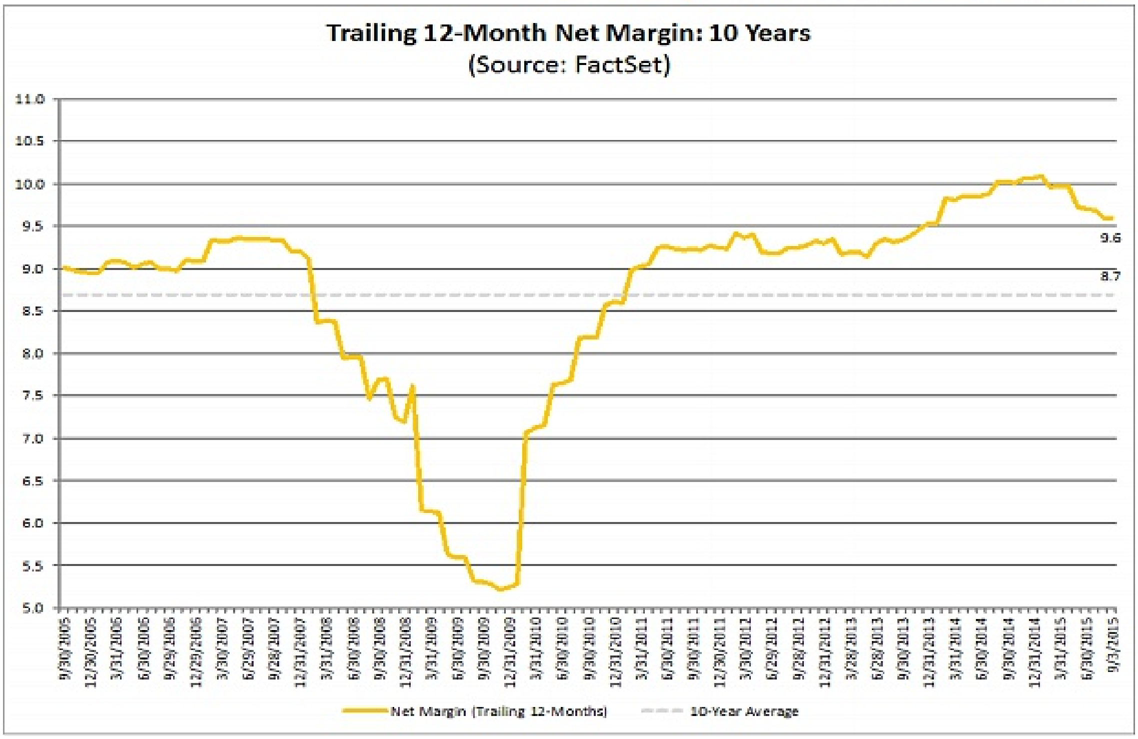
A U.S. Revenue Recession (cont.)

Trailing 12-Month Net Margins

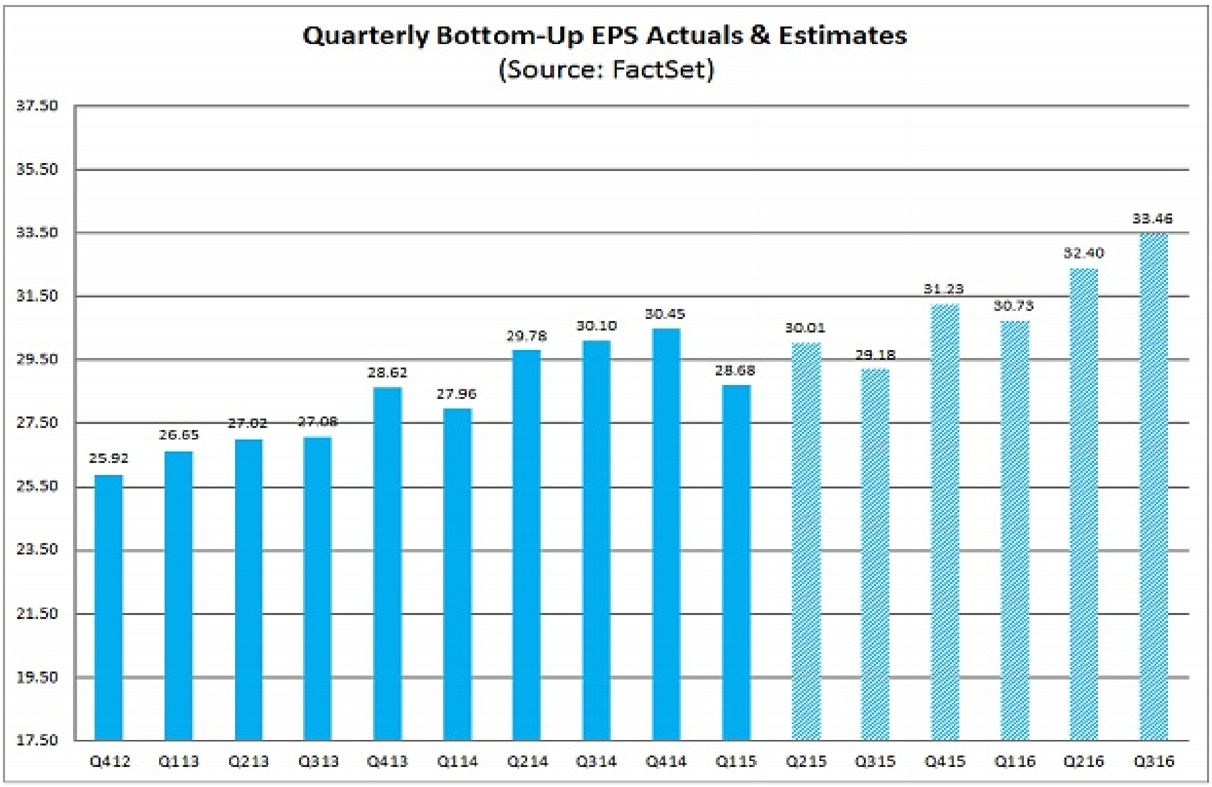
Maybe this is the correct way to look at what is happening with margins and what we can expect going forward?

Net Margins: Current & Historical



S&P 500 EARNINGS – *Does Anyone Actually Believe these #'s?*

It doesn't take much analysis to see the Sell Side Analysts are hoping for a miracle! In a moment we will take a tour of the world looking for where that miracle may be found?



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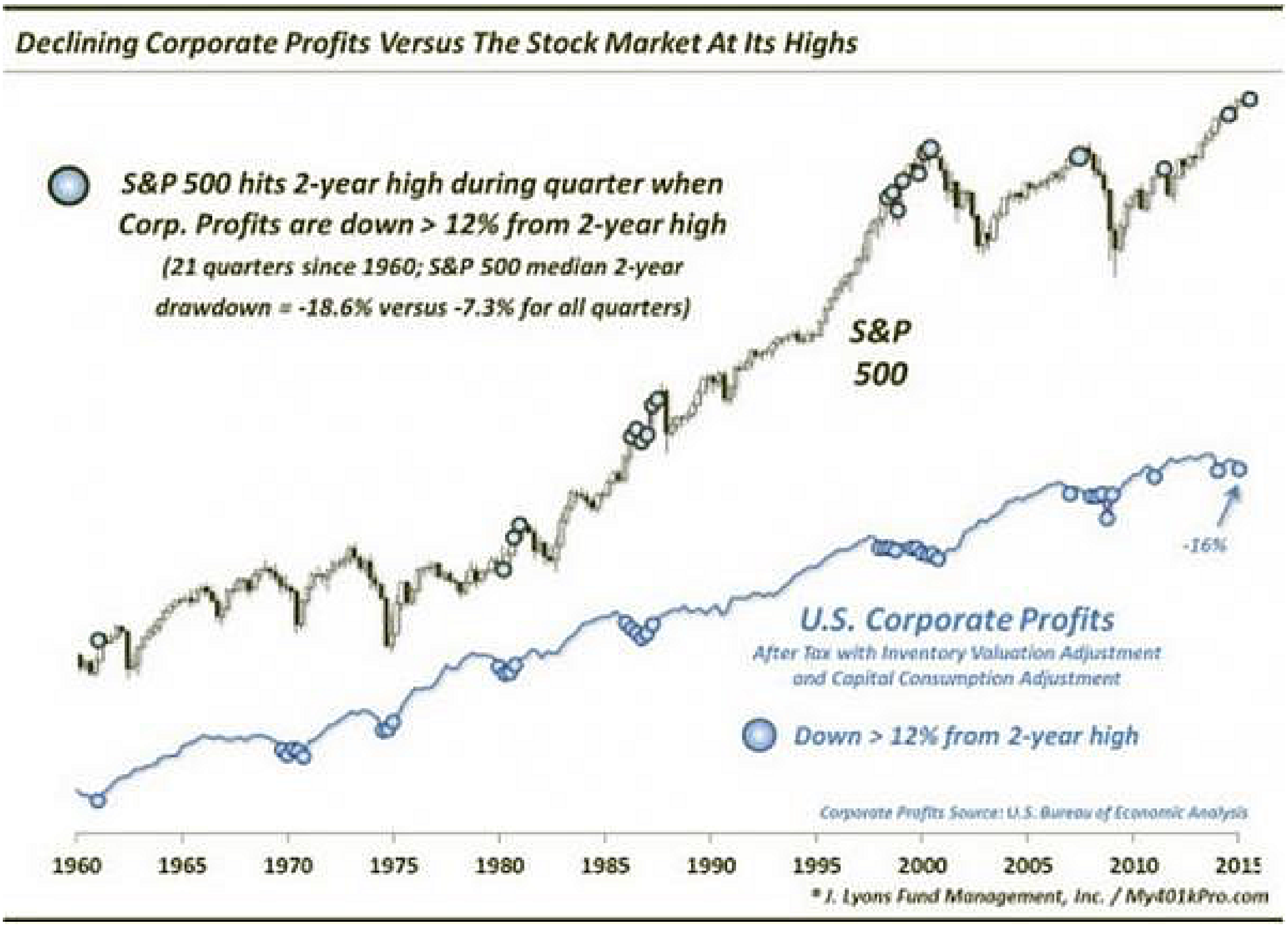
CANACCORD Genuity
SOROS BROTHERS INVESTMENTS LLC

A U.S. Revenue Recession (cont.)

VALUATIONS

Valuations by any measure are at historical levels as are corporate profit levels. It is difficult to see how both can be sustained much longer. We have talked extensively about this with many charts in previous sessions and I will leave you to review previous LONGWave slide sets.



GLOBAL SLOWING – Suddenly Everyone "Gets the Memo"

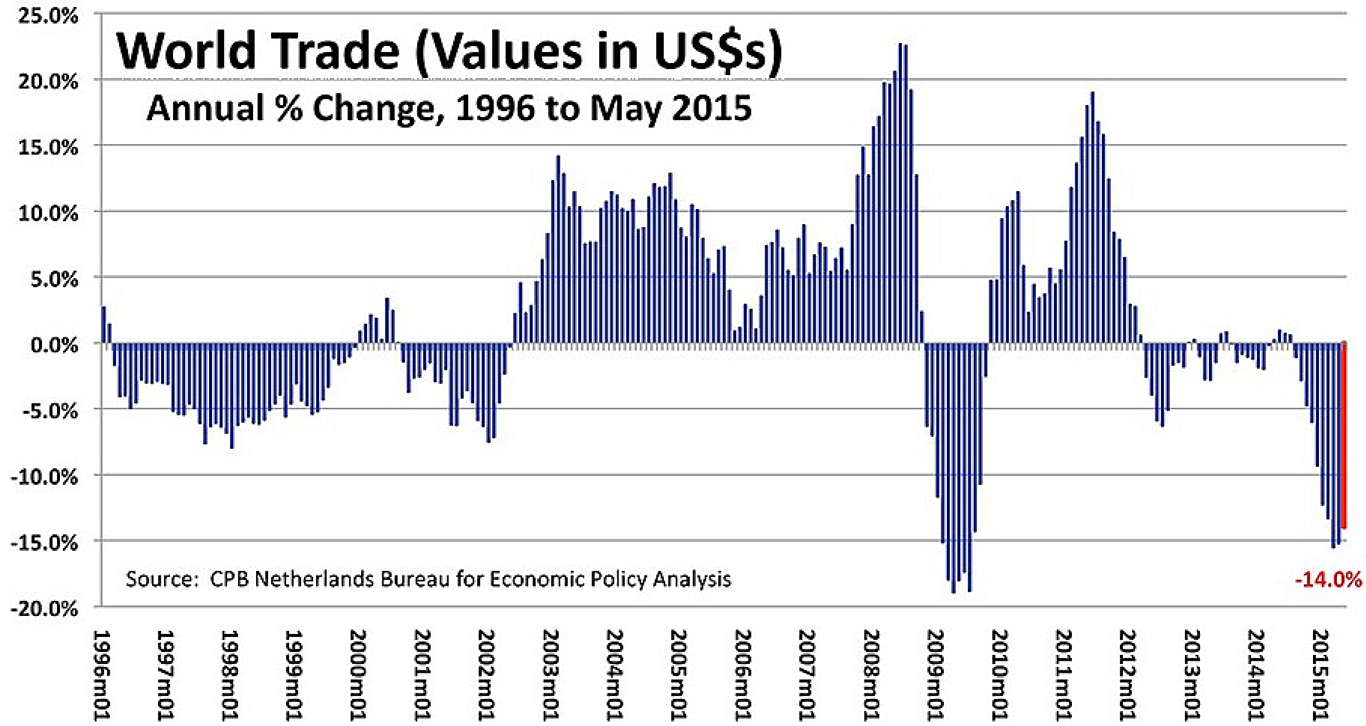
Let's walk around the world and see what we see.

WORLD TRADE – *Values in US$s*

Ouch! I certainly haven't seen this chart on CNBC? Why not? Because the Sell Side are their advertisers! People might get nervous if they saw a chart like this!

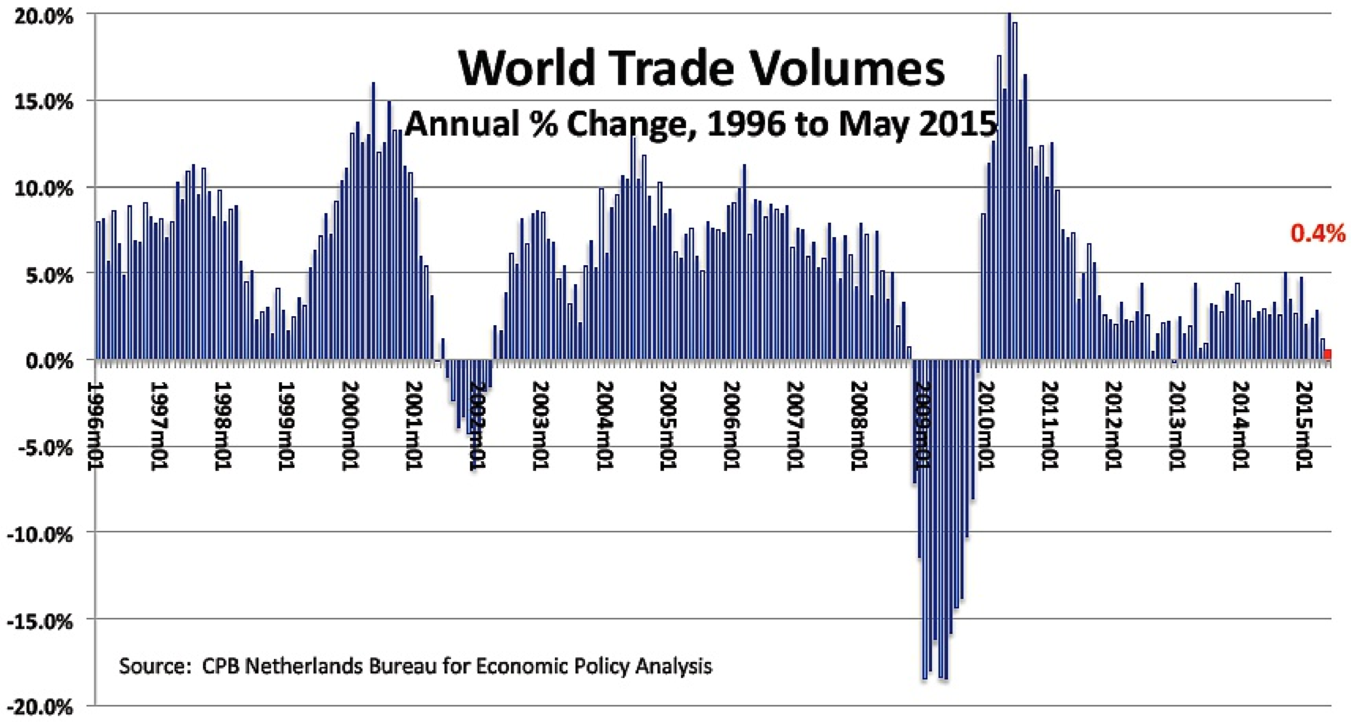
(cont pg.8)

A U.S. Revenue Recession (cont.)



WORLD TRADE – *Volumes*

Let's take out price for a moment and consider just global trade volumes. The analyst's report on CNBC it may be down but that is because of currency issues. They are right to a degree then leave currencies off the table when they avoid earnings headwinds due the exchange issues associated with a strong dollar. We will get to that in a moment.



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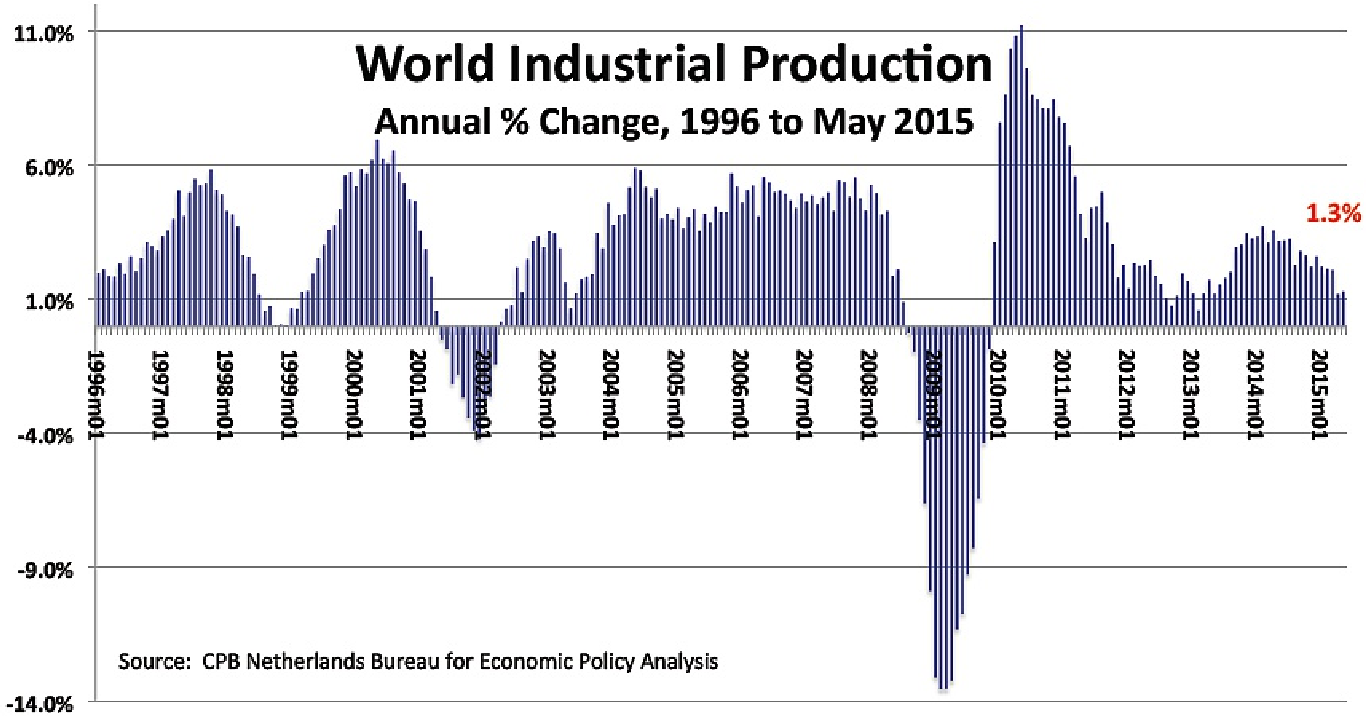
A U.S. Revenue Recession (cont.)

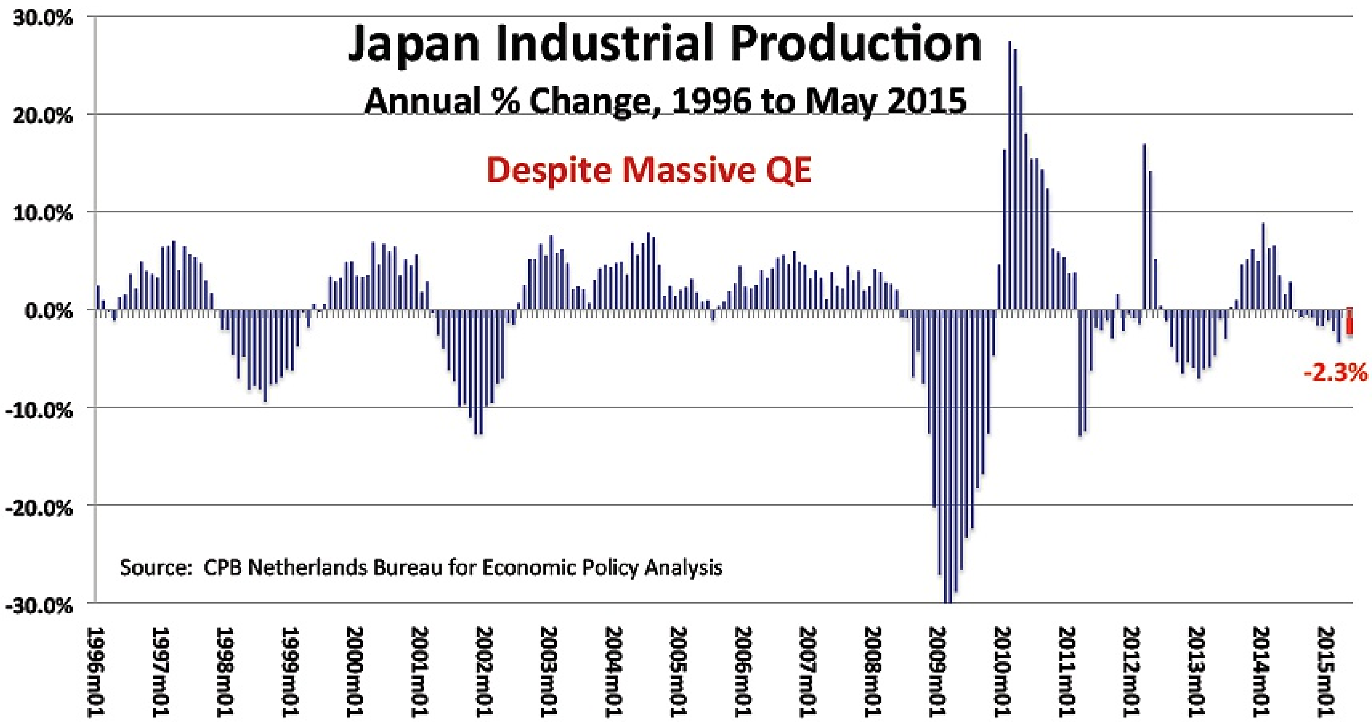
WORLD INDUSTRIAL PRODUCTION – 1.3%

Consider global industrial production versus trading products. Cheap money after the 2008 financial crisis clearly lifted production and supply. The trend has been down as it approaches contraction as demand is not there to match the ramped up supply.



JAPAN INDUSTRIAL PRODUCTION – -2.3%

Japan's industrial production is already negative. With used car inventories a problem and 3 year lease returns about to hit the market with prices falling 7%, it doesn't bode well for the Japanese auto makers.



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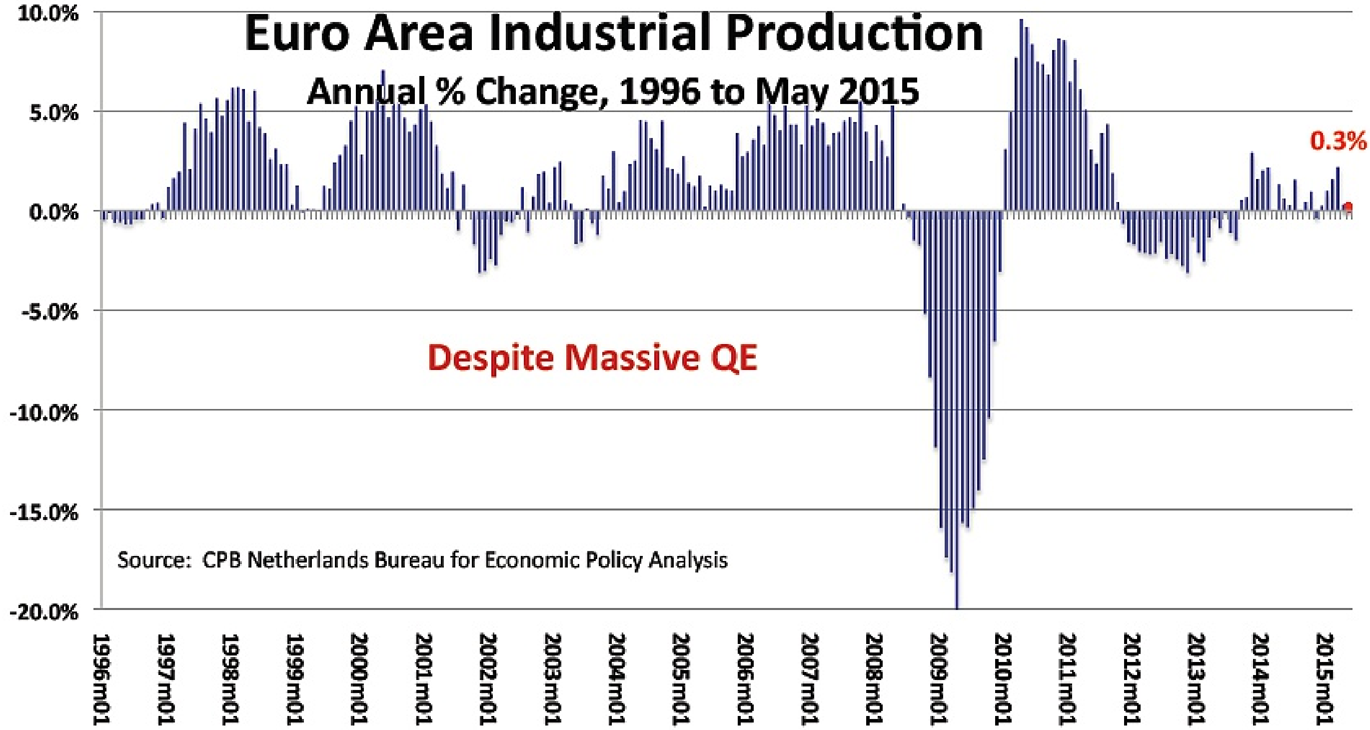
A U.S. Revenue Recession (cont.)

EURO AREA INDUSTRIAL PRODUCTION

The Euro area industrial production is barely positive and the same thinking can be said about all the European auto sales it is reliant on.

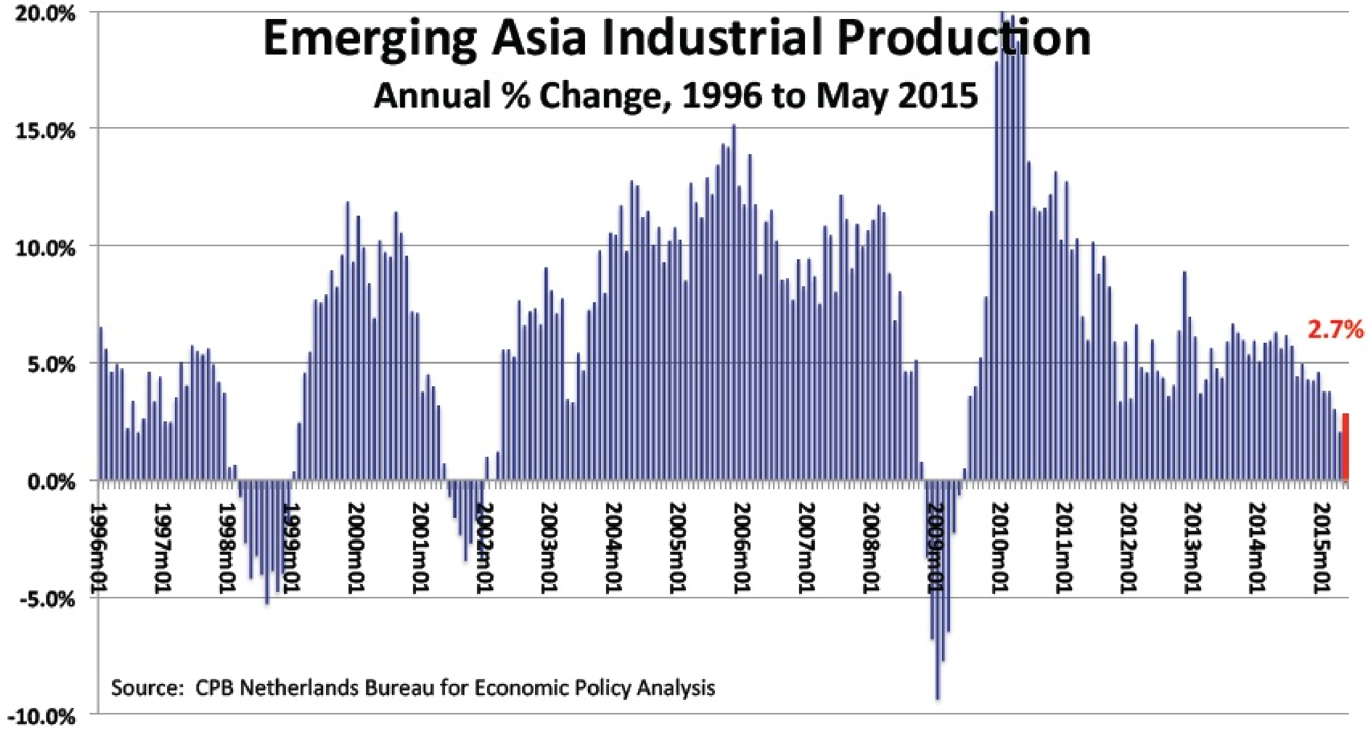


(cont pg.11)

A U.S. Revenue Recession (cont.)

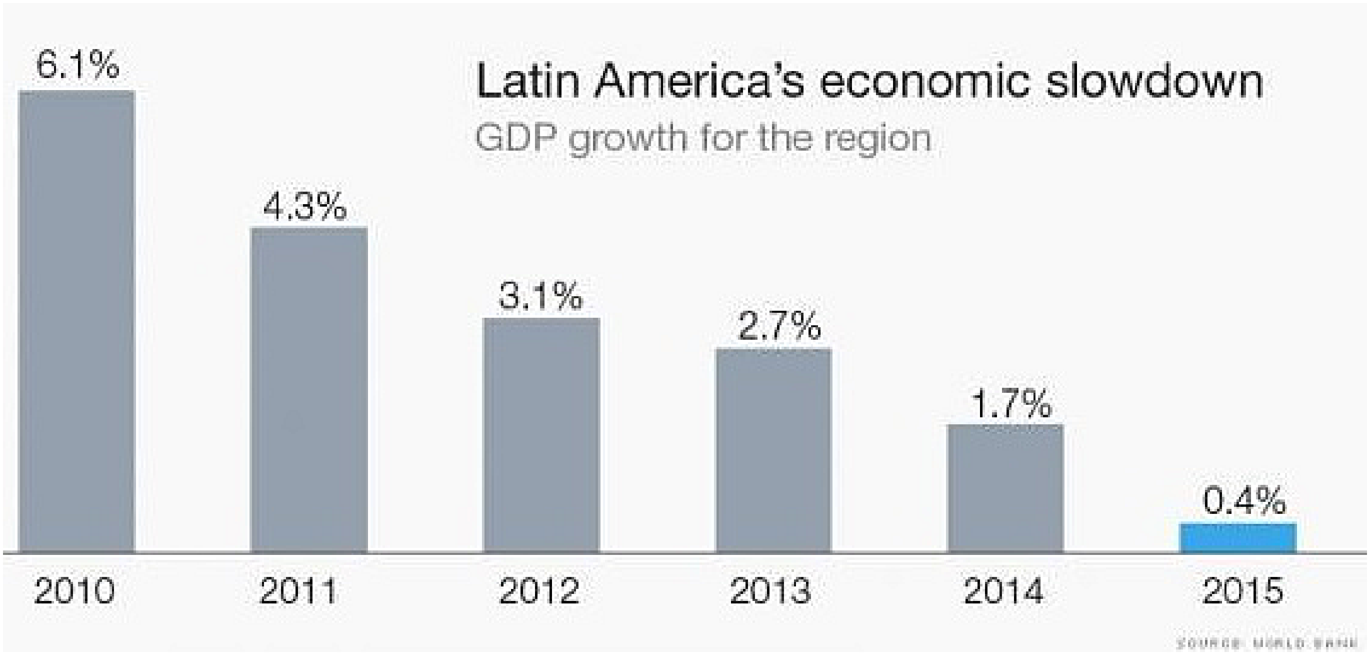
EMERGING MARKETS INDUSTRIAL PRODUCTION

Emerging markets are falling fast but look somewhat better – at least currently. We will talk about Emerging Markets more in a moment.



LATIN AMERICA ECONOMIC SLOWDOWN

I think this graphic of Latin America really shows the degree of problem. Brazil is already in a recession levels. Falling commodity prices are having a profound impact across all these Latin American economies so dependent on their export of commodities to the more industrialized developed economies.



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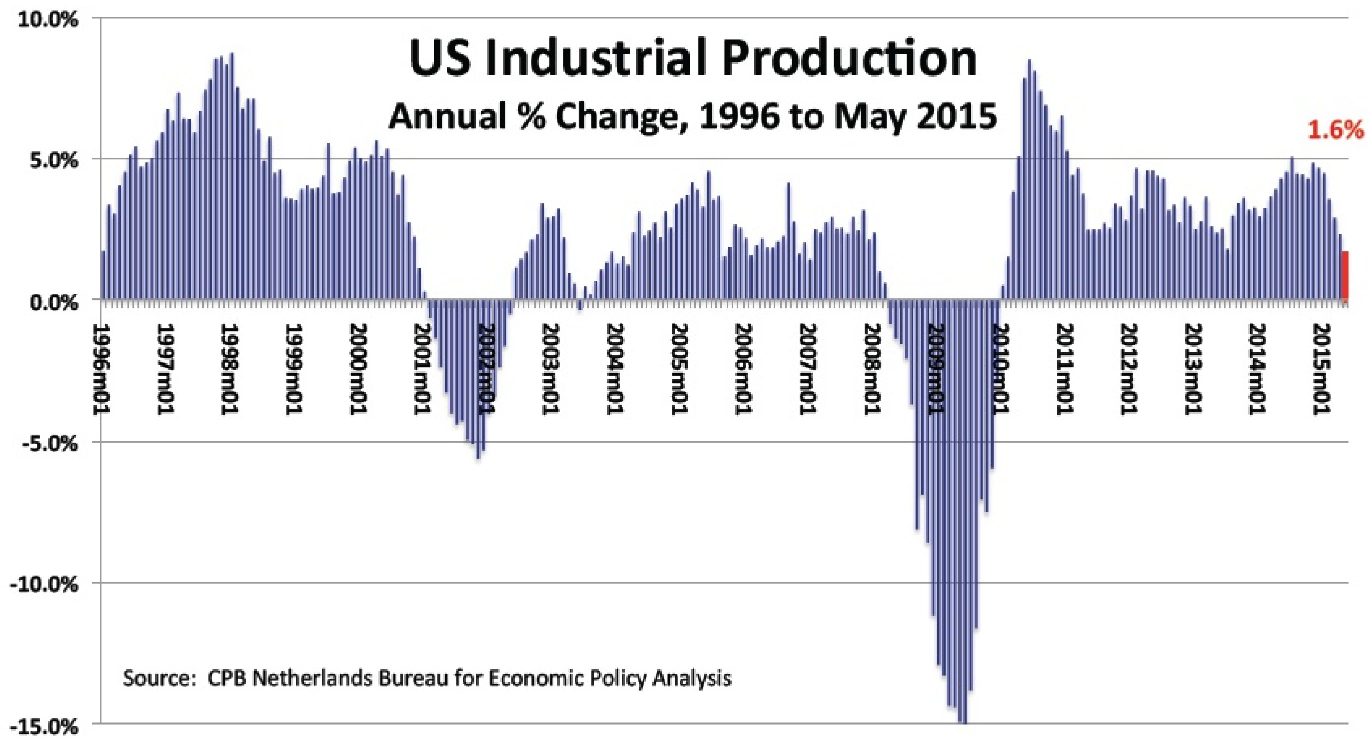
A U.S. Revenue Recession (cont.)

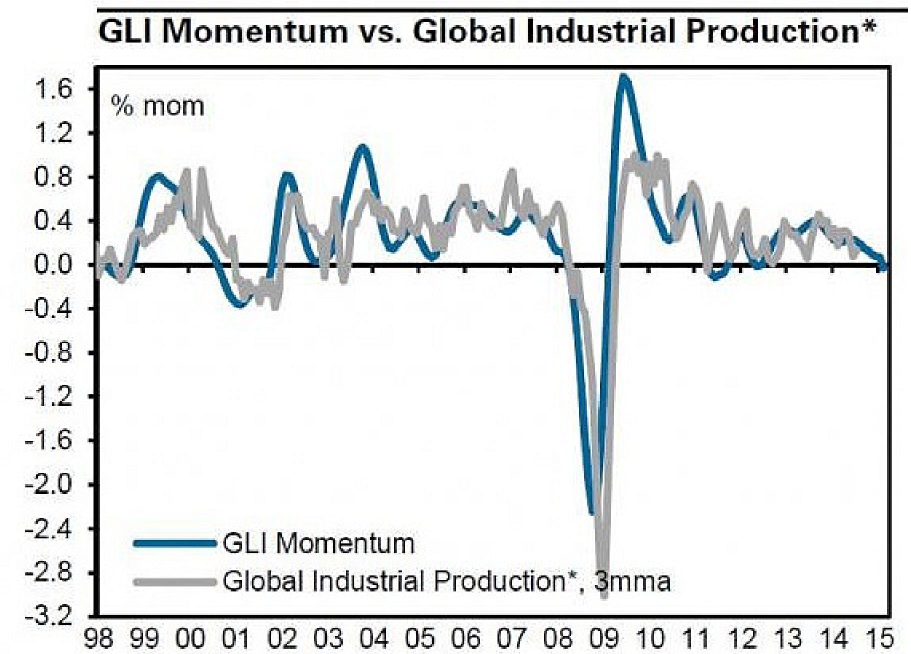
US INDUSTRAL PRODUCTION

Everyone says the global engine will be the recovering US economy. This chart and many others I have shown in these presentations suggest this is likely a flawed premise!



GLI MOMENTUM V GLOBAL INDUSTRIAL PRODUCTION

Even perennial bulls like Goldman Sachs are sending strong signals of concern, as is Deutsch Bank, Morgan Stanley and most of the other international banks. In the July GMTP report I laid out the warnings from the IMF, World Banks, OECD and BIS. Concerns are everywhere and with the US potentially raising rates and further strengthening the US dollar it has the potential to be like throwing a match on a tinder box.



**Includes OECD countries plus BRICs, Indonesia and South Africa*
Source: IMF, National Sources, Goldman Sachs Global Investment Research

(cont pg.13)

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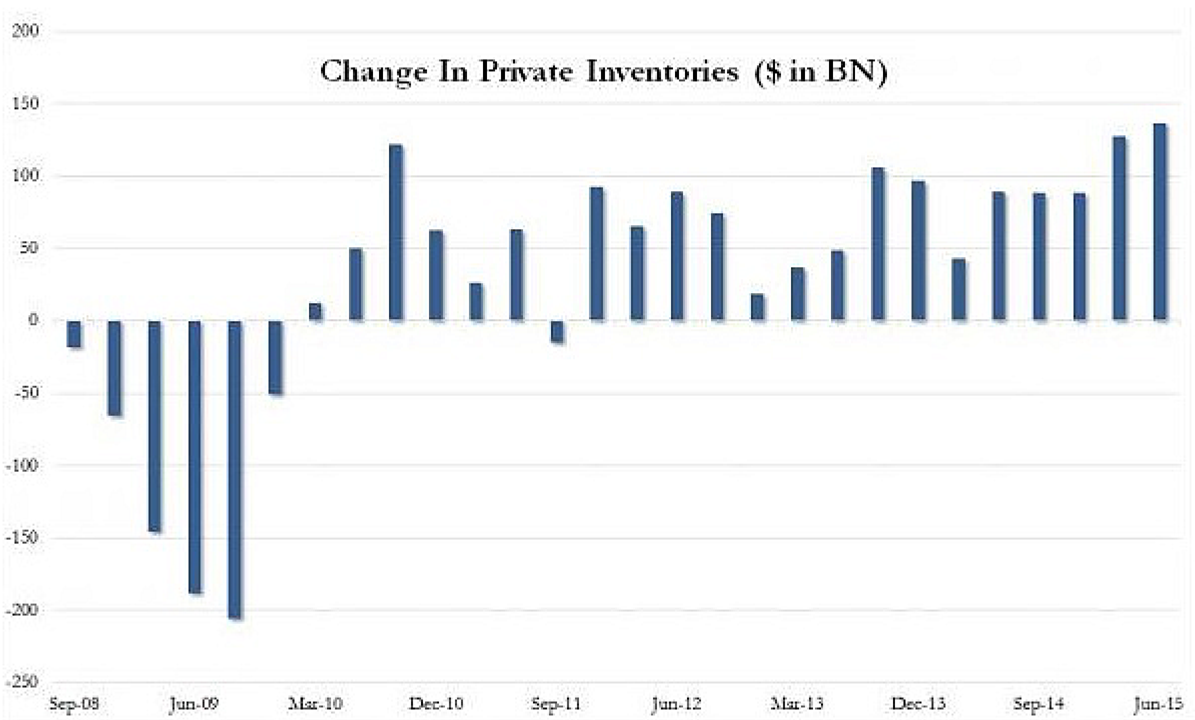
A U.S. Revenue Recession (cont.)

RISK OF US MANUFACTURING RECESSION

This chart from Bank of America Merrill Lynch also lays out what may be ahead regarding a possible US manufacturing recession.

CHANGE IN PRIVATE INVENTORIES

Evidence point to the fact that it has been a build out in increased inventories and stocking associated with cheap financing that has artificially held up overall industrial production.



(cont pg.14)

A U.S. Revenue Recession (cont.)

POTENTIAL EARNINGS RECESSION

Clearly we already have a revenue recession and we are very close to an earnings recession. Earnings in Q1 were initially reported at -0.4%

Overview

With 72% of the companies in the S&P 500 reporting actual results for Q1 to date, fewer companies are reporting actual EPS above estimates (71%) and actual sales above estimates (46%) than average.

However, the companies that are reporting upside earnings surprises are surpassing estimates by much wider margins (+6.2%) than average.

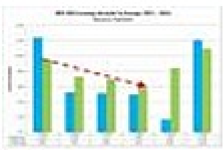
As a result of the upside earnings surprises, the blended (combines actual results for companies that have reported and estimated results for companies yet to report) earnings decline for Q1 2015 is -0.4%, which is smaller than the estimate of- 4.7% at the end of the first quarter (March 31). At the sector level, the Energy sector is reporting the largest year over-year decrease in earnings of all ten sectors, while the Health Care and Financial sectors are reporting the highest earnings growth rates for the quarter.

The blended revenue decline for Q1 2015 is -2.6%, which is unchanged from the estimate of -2.6% at the end of the first quarter (March 31). At the sector level, the Energy sector is reporting the largest year-over-year decrease in sales of all ten sectors. On the other hand, the Health Care sector is reporting the highest growth in sales for the quarter.

During the Q1 earnings season, the market will continue to watching for comments from companies regarding the impact on earnings and revenues of slower global economic growth, lower oil and gas prices, and the stronger U.S. dollar.

Looking at future quarters, analysts are expecting year-over-year declines in earnings to continue through Q3 2015. However, analysts are projecting record-level EPS for Q4 2015. Analysts also expect net profit margins to continue to rise to record levels (based on per-share estimates) starting in Q2.

The forward 12-month P/E ratio is 16.8, which is above the 5-year and 10-year averages.



Earnings Growth To Collapse Most Since 2009 In Q2

Submitted by Tyler Durden on 06/22/2015 - 13:17

"The estimated earnings decline for Q2 2015 is -4.7%. If this is the final earnings decline for the quarter, it will mark ***the first year-over-year decrease in earnings since Q3 2012 (-1.0%), and the largest year-overyear decline in earnings since Q3 2009 (-15.5%)."***

Goldman Just Crushed The "Strong Fundamentals" Lie; Cuts EPS, GDP, Revenue And Profit Forecasts

Submitted by Tyler Durden on 06/30/2015 - 22:15

To summarize: the first revenue drop for the S&P in 5 years, a major downward revision in EPS now expecting just 1% increase in 2015 EPS, a 25% cut to GDP forecasts, a machete taken to corporate profits and 10 Yields, and not to mention double digit sales declines for some of the most prominent tech companies in the world. And that, in a nutshell, is the "strong fundamentals" that everyone's been talking about.

(cont pg.15)

A U.S. Revenue Recession (cont.)

Earnings in Q2 were reported at -0.7%. It says we are very close to or already in an earnings recession. The early Q3 earnings show the trend continuing.

During the first two months of the third quarter, analysts lowered earnings estimates for companies in the S&P 500 for the quarter. The Q3 bottom-up EPS estimate (which is an aggregation of the estimates for all the companies in the index) dropped by 2.7% (to $29.25 from $30.06) during this period.

FACTSET
EARNINGS INSIGHT

John Butters, VP, Sr. Earnings Analyst
jbutters@factset.com

Media Questions/Requests
media_request@factset.com

S&P 500 September 4, 2015

Key Metrics

- **Earnings Scorecard:** Of the 495 companies that have reported earnings to date for Q2 2015, 74% have reported earnings above the mean estimate and 51% have reported sales above the mean estimate.
- **Earnings Growth:** For Q2 2015, the blended earnings decline is 0.7%. The last time the index reported a year-over-year decrease in earnings was Q3 2012 (-1.0%).
- **Earnings Revisions:** On June 30, the estimated earnings decline for Q2 2015 was -4.6%. Nine sectors have higher growth rates today (compared to June 30) due to upward revisions to earnings estimates and upside earnings surprises, led by the Health Care sector.
- **Earnings Guidance:** For Q3 2015, 77 companies have issued negative EPS guidance and 30 companies have issued positive EPS guidance.
- **Valuation:** The 12-month forward P/E ratio is 15.3. This P/E ratio is based on Thursday's closing price (1951.13) and forward 12-month EPS estimate ($127.76).

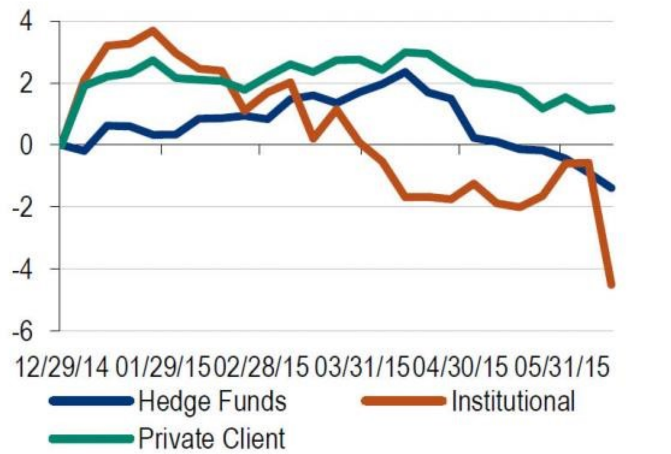
HEADLINE

Wall Street braced for profit declines

HEADLINE

The -Smartest Money- Is Liquidating Stocks At A Record Pace-
-Selling Everything That's Not Bolted Down-

Chart 2: YTD cum. flows by client type ($bn)



Source: Bank of America Merrill Lynch

(cont pg.17)

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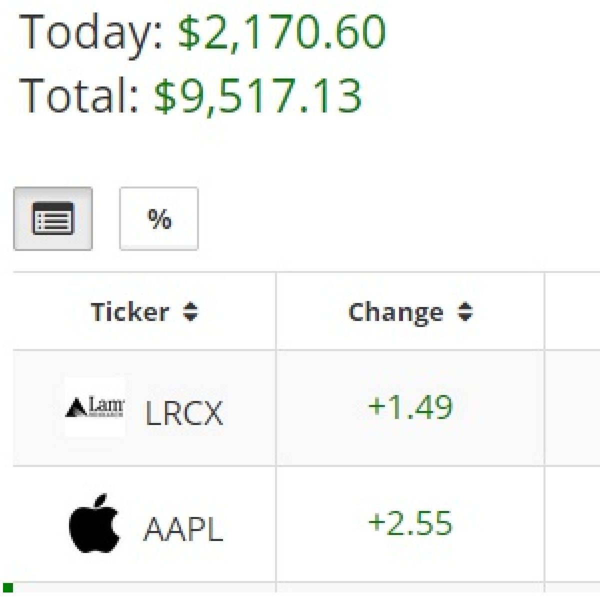

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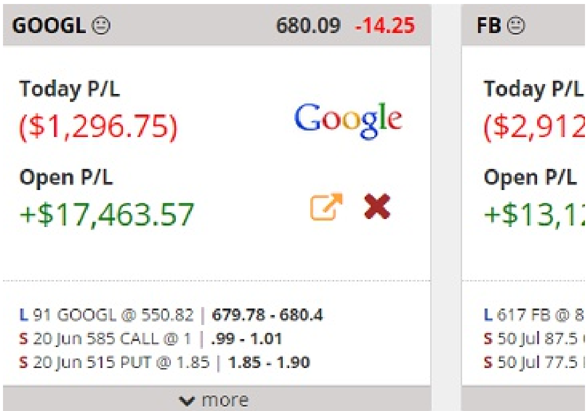

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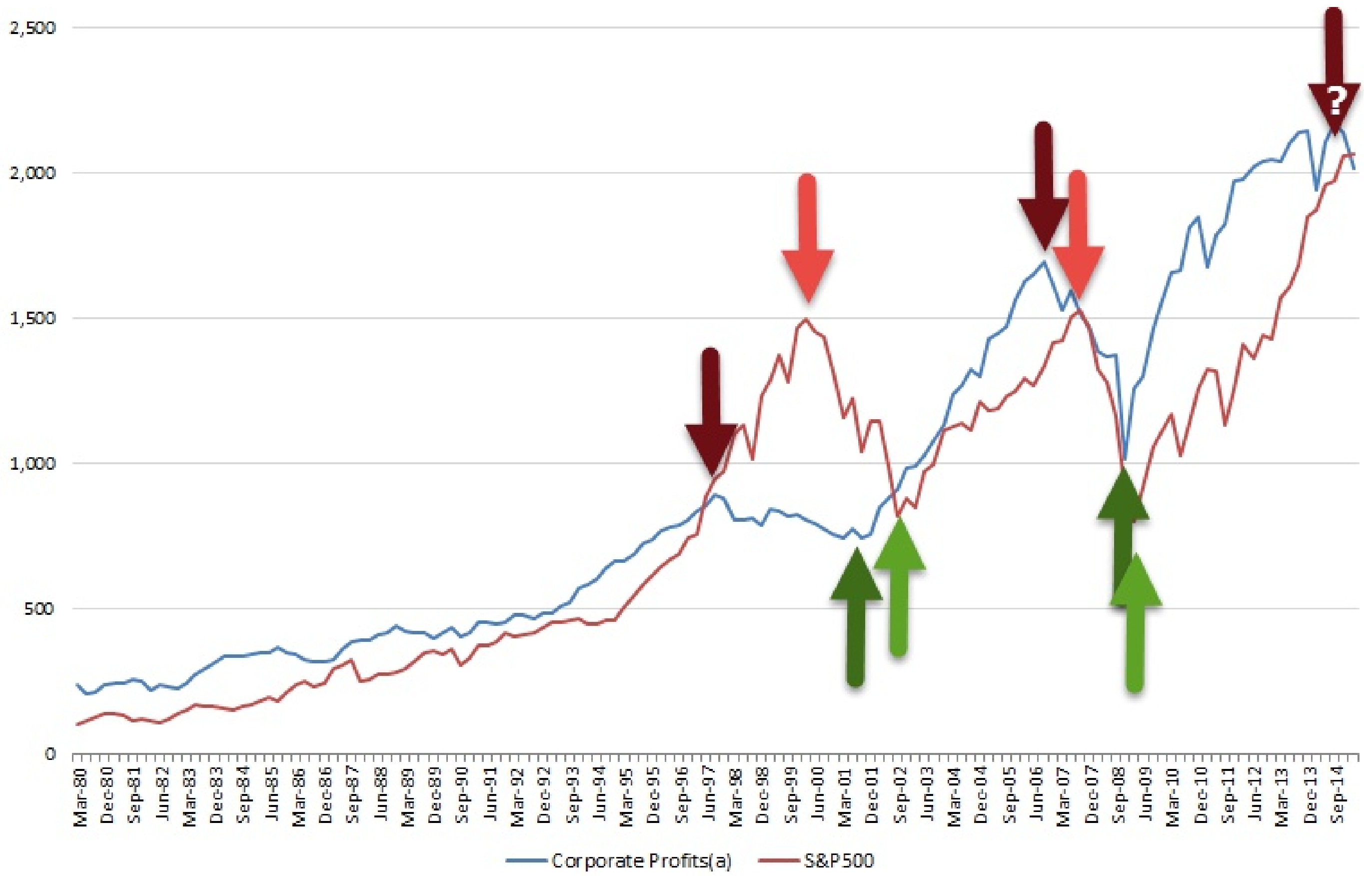
A U.S. Revenue Recession (cont.)

HEADLINE

The Corporate Earnings Cycle Has Just Turned Negative in the US



[The Coming US Recession Charted]

Submitted by Tyler Durden on 06/20/2015 - 20:15

The idea of an imminent US recession may seem moot as all the self-proclaimed experts and talking heads still acts as we are well into a recovery and patiently waiting for the forthcoming escape velocity which will take care of all ills plaguing today's over-indebted society. Never do they stop to think about why things looks as dismal as they do. The **sheer scale of the backwardness** shown in such gross economic illiteracy suggest to us there is ulterior motives behind so-called Keynesian economic theories. Comparing GDP with cumulative goods sold and inventory accumulation since 2000 should tell you everything you need to know. **The US economy is now on the verge of a new recession**.

(cont pg.18)

A U.S. Revenue Recession (cont.)

US DOLLAR SQUEEZE – *A $9T Problem*

ASIAN DOLLAR INDEX

The crisis across Emerging Markets and Asia is emblematic of previous crisis. Maybe even worse!

EMERGING MARKET FX FREEFALL

It more than just about debasement of currencies that are being used to gain economic advantage. It is actually capital and hot money leaving which is pushing down the currencies and by default pushing up the US dollar.

(cont pg.19)

A U.S. Revenue Recession (cont.)

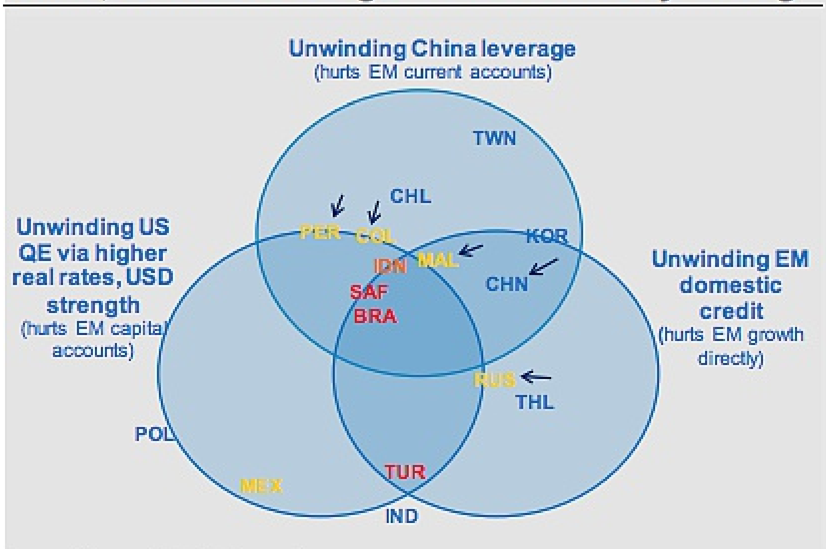
We also have Emerging Markets on the wrong side of a $9T USD Carry Trade. We have effectively a global short squeeze on against those who were betting on its demise.

THE GREAT EM UNWIND

What is called the “Great EM Unwind” is underway. A triple unwind of Emerging Market Credit, China’s massive unregulated and uncontrolled financial leverage and the threat of US Monetary Easing by the Federal Reserve.

Exhibit 1

The Great EM Unwind – A Triple Unwind of EM Credit, China’s Leverage and US Monetary Easing



Source: Morgan Stanley Research

Exhibit 2

Our Heat-Map Heats Up – Particularly for the 3.5 Most Exposed Economies (Indonesia Is the 0.5)

US DOLLAR STRENGTH

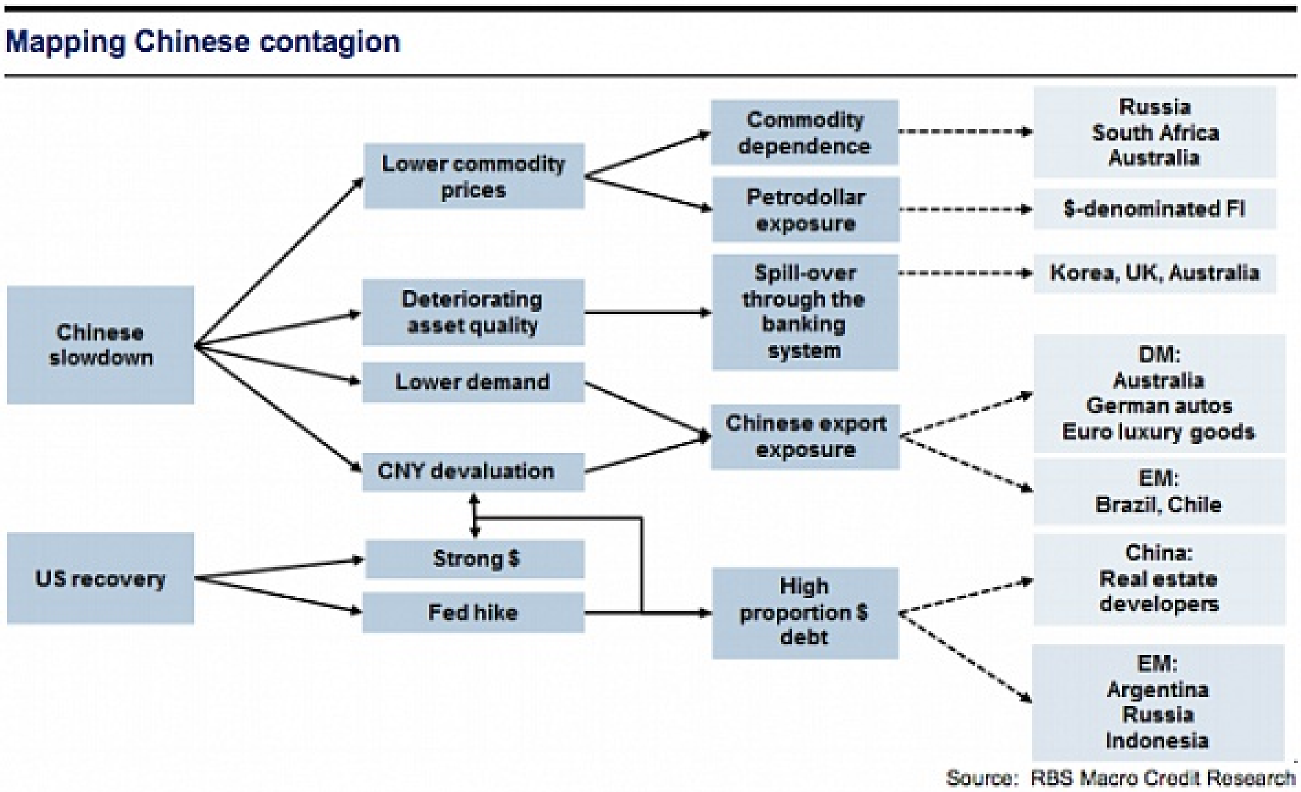
The strength of the US dollar has been almost parabolic since the Federal Reserve’s “TAPER” program was enacted

(cont pg.20)

A U.S. Revenue Recession (cont.)

CHINESE CONTAGION

If all this is bad enough we have the global manufacturer with a 1929 level market crash and dramatically slowing economy with numerous points of contagion threatening.



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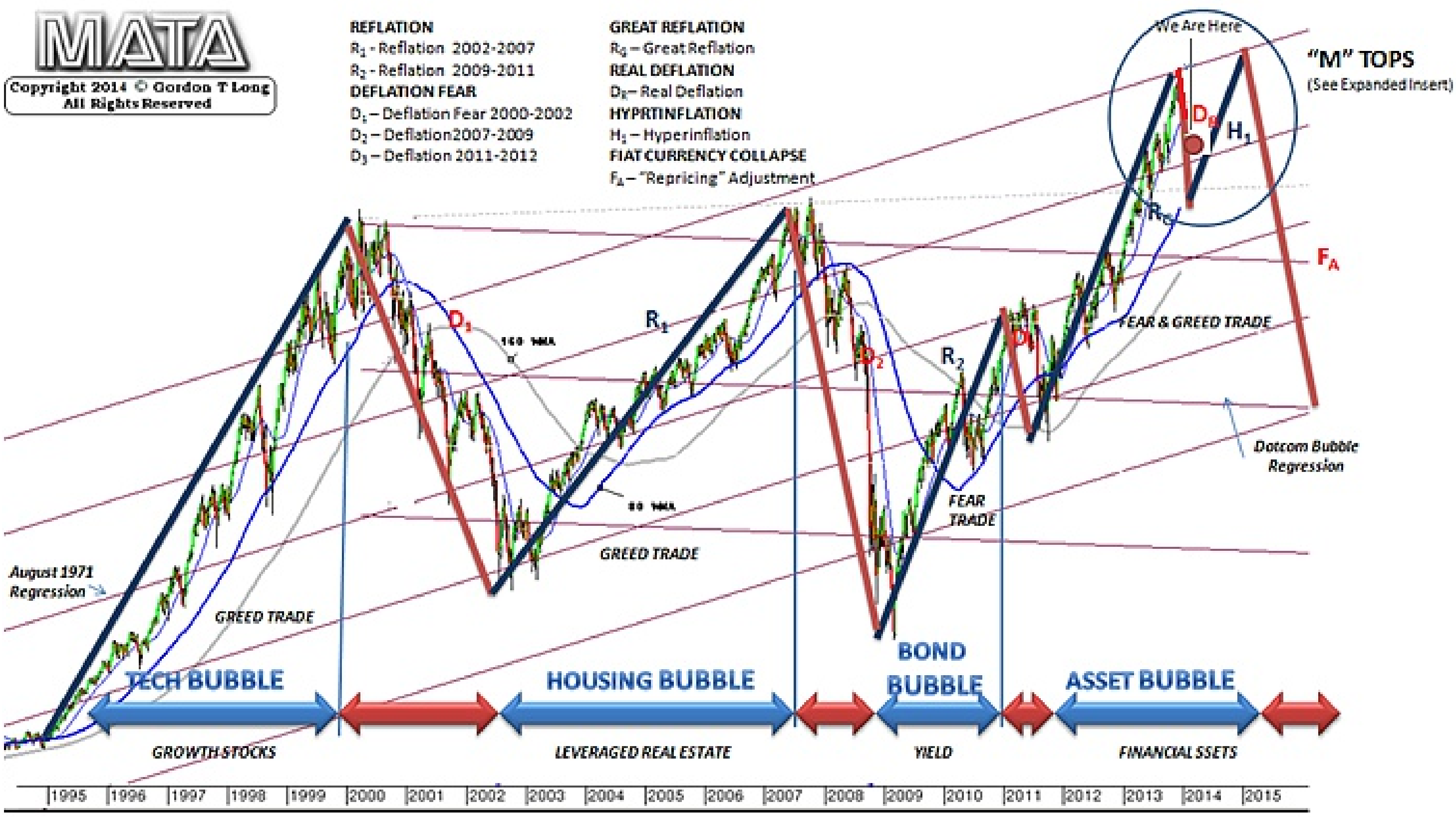
A U.S. Revenue Recession (cont.)

REAL DEFLATION – *Our "M" Top Revisited*

"M" TOP – Revisited

I have shown this chart "M" chart many times over the last year and a half. The current leg down is the Real Deflationary leg which I warned of in the Globalization Trap. It is fundamentally about excess supply from cheap money which results in a commodity collapse, lose of pricing power and the export of deflation to the US in terms of asset value and to some degree products. The US inflation will be primarily in what people need (versus want), don't finance and are domestically centered. All types of home and professional services, healthcare etc fall in this range, which are increasing by 6-8% per year.

Note before we leave this chart that the regression lines with standard deviations start in August 1971. This is labeled on the far left side of the chart.



PRICING PRESSURES

This chart is the previous schematic chart in actual real time available on Triggers. Again, it shows the regression lines going back to 1972 when the US dollar became a Fiat Currency.

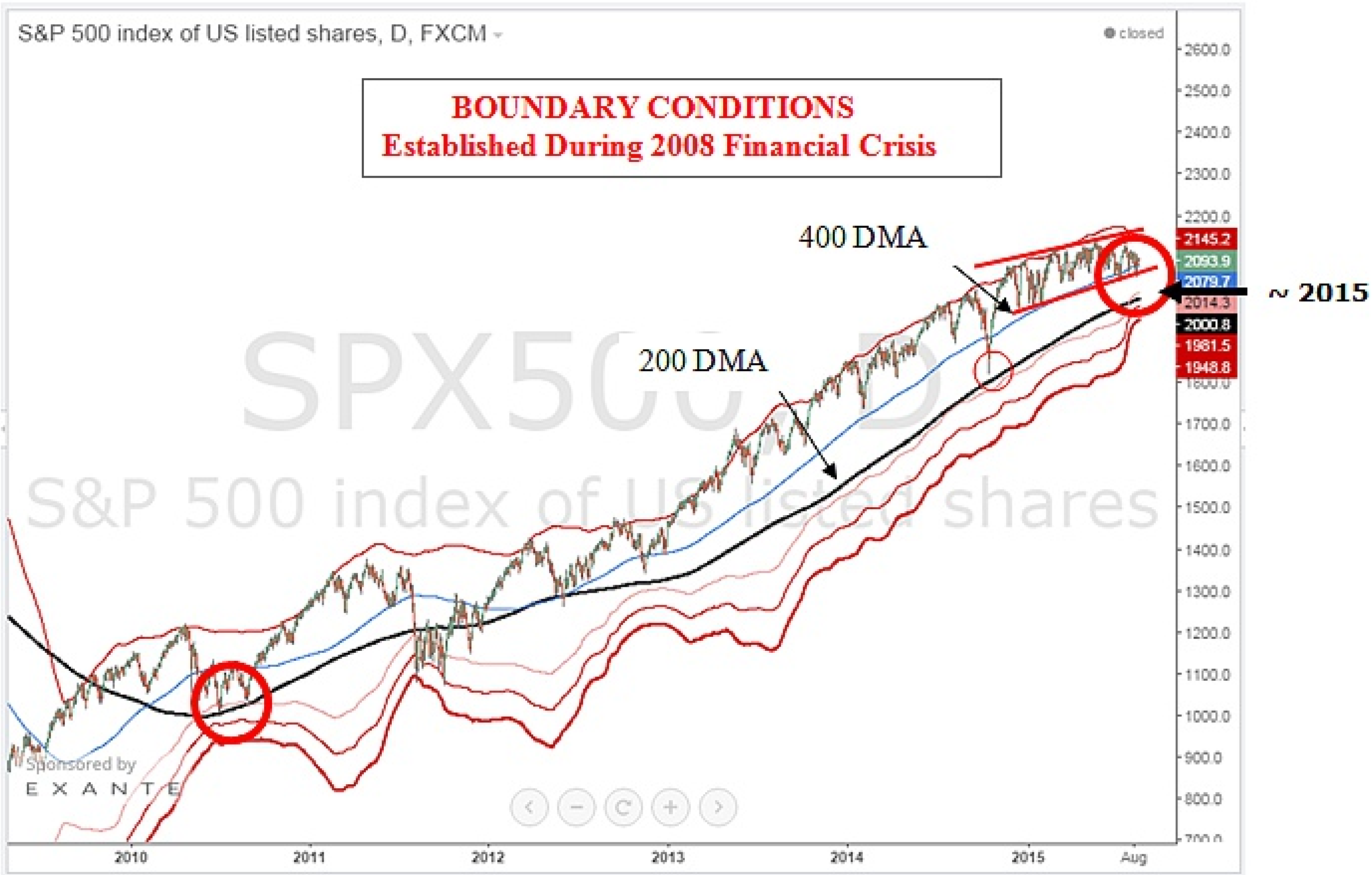
We the central bankers will step in, in a massive coordinated way with "helicopter" money and collateral guarantees before or as we approach the long term **red regression**.

(cont pg.22)

A U.S. Revenue Recession (cont.)

DECAY VORTEX

What this chart shows the boundary conditions established by trading volatility during the 2008 financial crisis. We believe they show a similar lower limit around 2015 in the S&P 500 index.



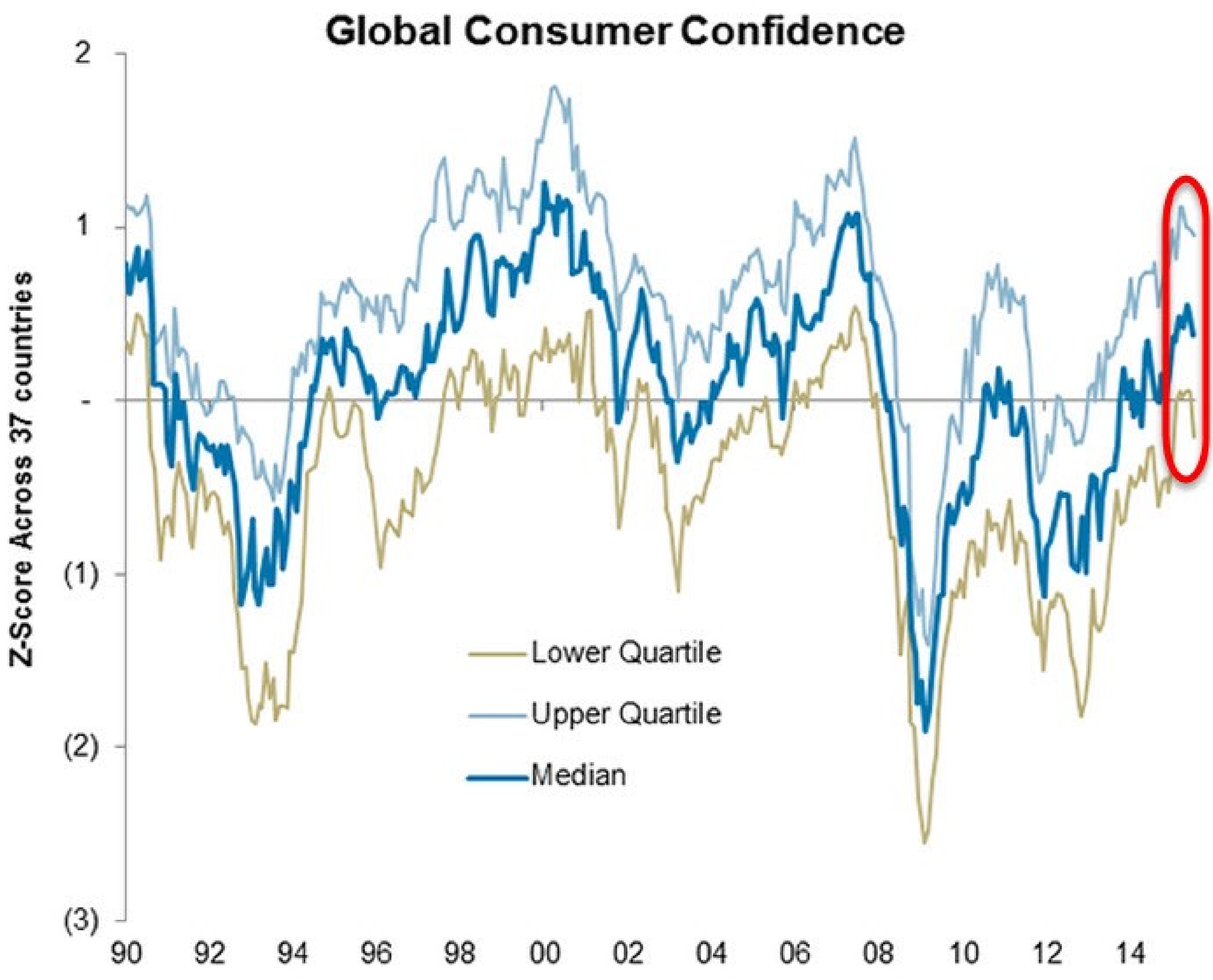
(cont pg.23)

A U.S. Revenue Recession (cont.)

WHAT TO EXPECT

GLOBAL CONSUMER CONFIDENCE

Alan Greenspan often testified before congress that sentiment and confidence shifts were the one thing he wished he could predict and control. They determined economic directional shifts. We are seeing this shift occur globally ….

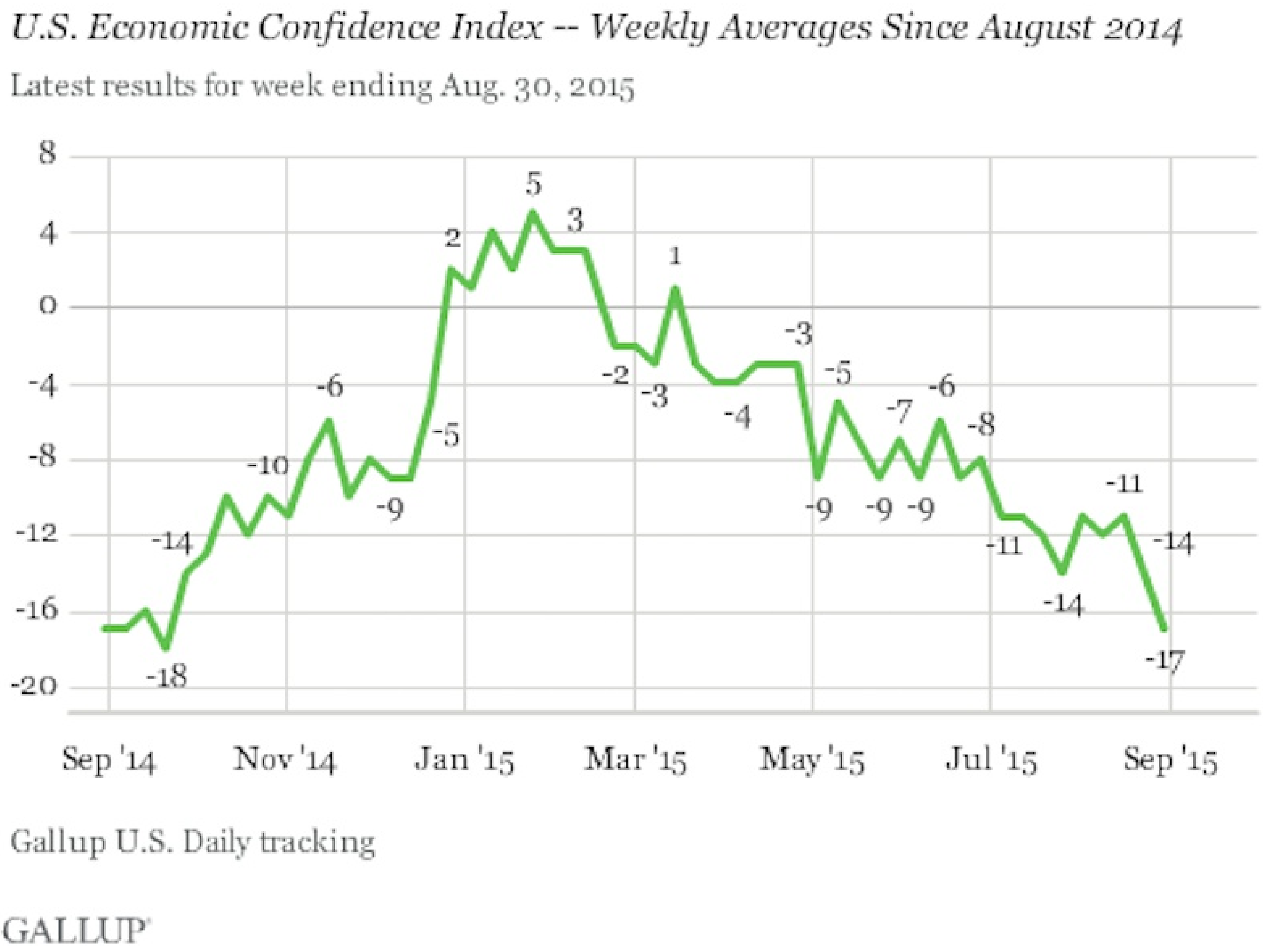


(cont pg.24)

A U.S. Revenue Recession (cont.)

US ECONOMIC CONFIDENCE

….. and we have seen this beginning to change in the US since Q1 2015. It is very cyclical in nature and needs to be carefully watched.



ENERGY & COMMODITIES

It cannot be understated what the impact of falling oil prices has on the economies of many export economies. They are being forced to issue bonds or sell assets because of falling current accounts. This reduces the massive petrodollar profits flows into the global financial system.

(cont pg.25)

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A U.S. Revenue Recession (cont.)

KEY SUPPORT LEVELS

As we have pointed out in previous MATA reports we believe the anticipated fear will be contained within the rising trend channels shown here – at least through early fall.

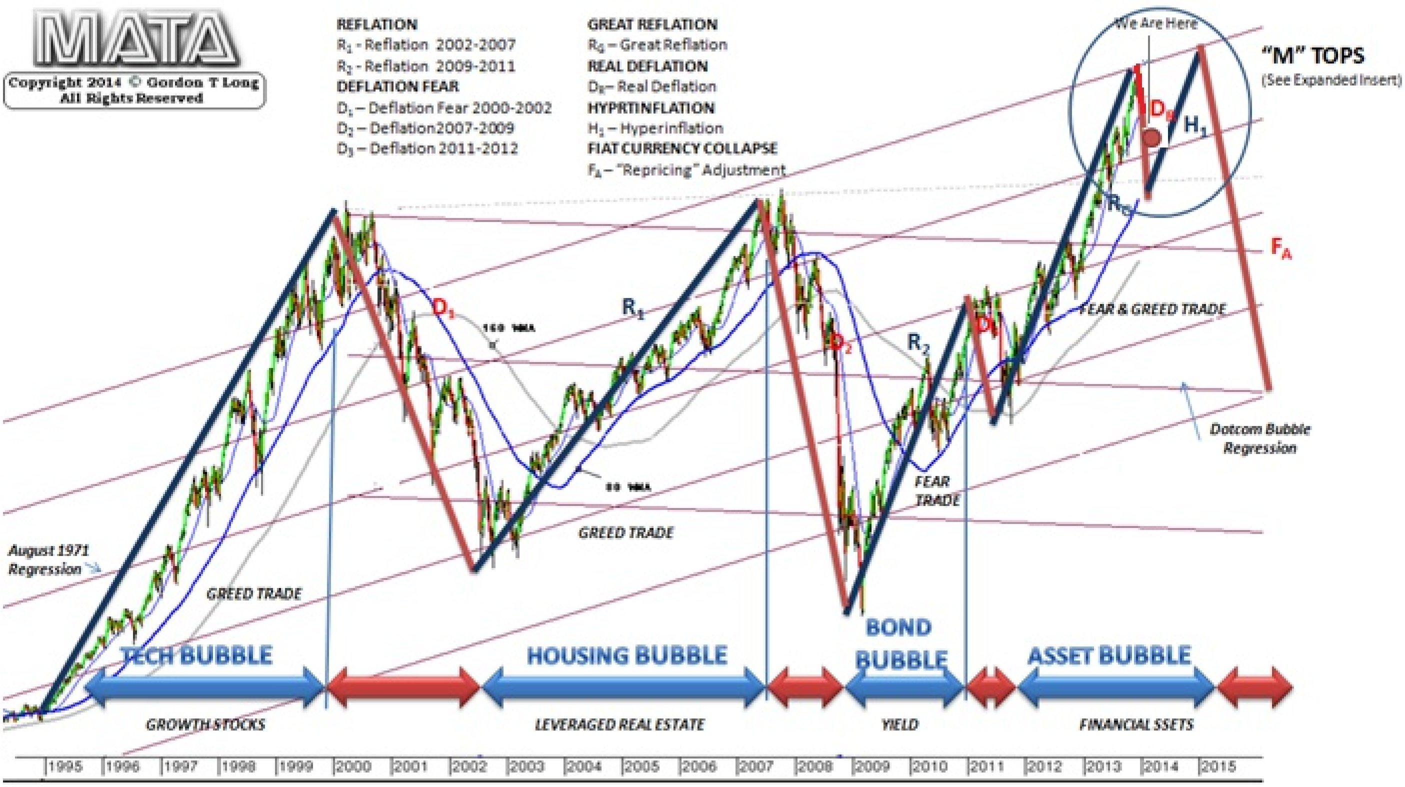
(cont pg.26)

A U.S. Revenue Recession (cont.)

FINAL LIFT

As I said, we believe the Real Deflation leg is well underway. It has been clear in the commodities market since the beginning of TAPER. It has only recently become evident to the US equity markets. When the Fed is forced into QE4, helicopter money or collateral guarantees we can expect real elevated Inflation and the strong possibility of eventually seeing Hyperinflation.

As I am aft to keep saying, never forget, Hyperinflation is a Currency Event which explodes prices higher as confidence in the currency is lost. It will be about lost confidence in the US dollar, or possibly the replacement of the US$ as the dominant global currency during a de-dollarization event.



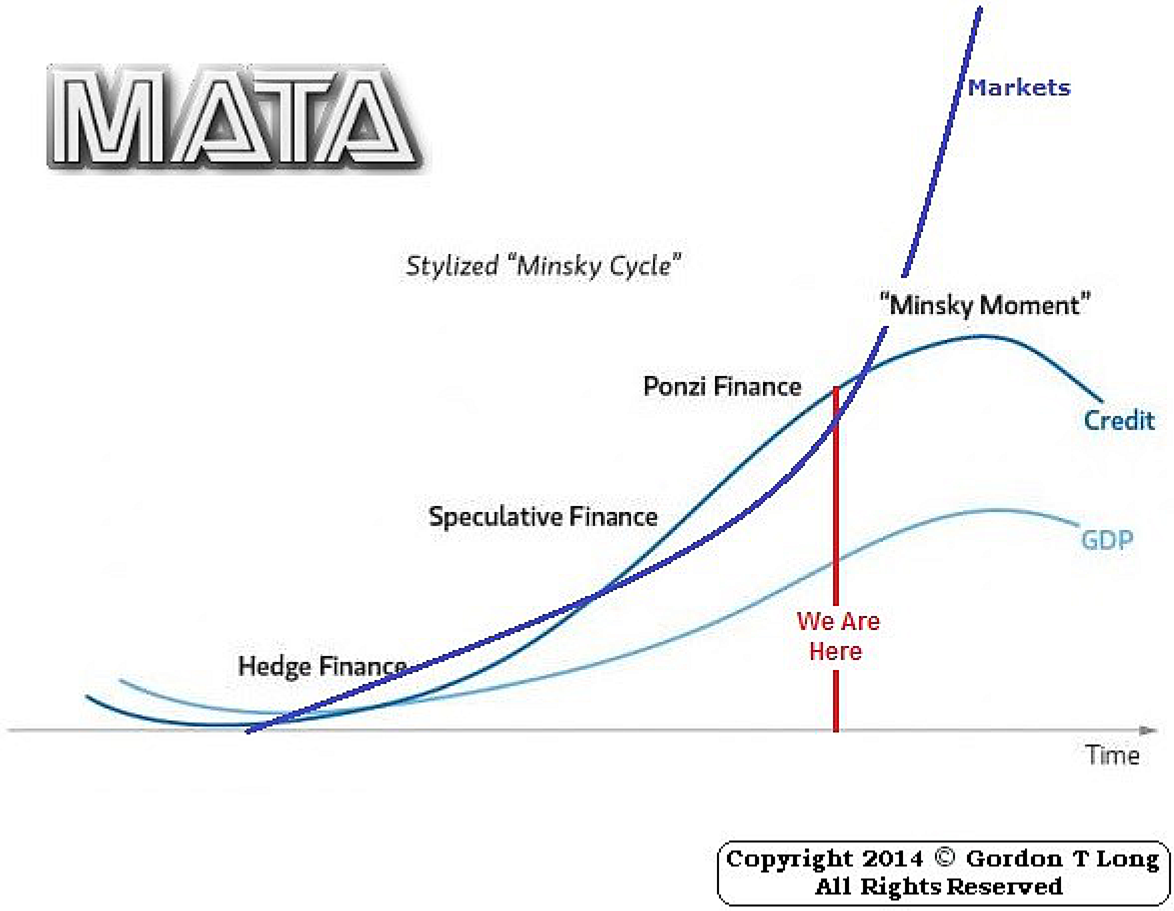
WHAT LIES AHEAD – *Our Sense*

Let me reiterate, I continue to fully expect a Minsky Melt-up before all this ends very badly in mid 2016.

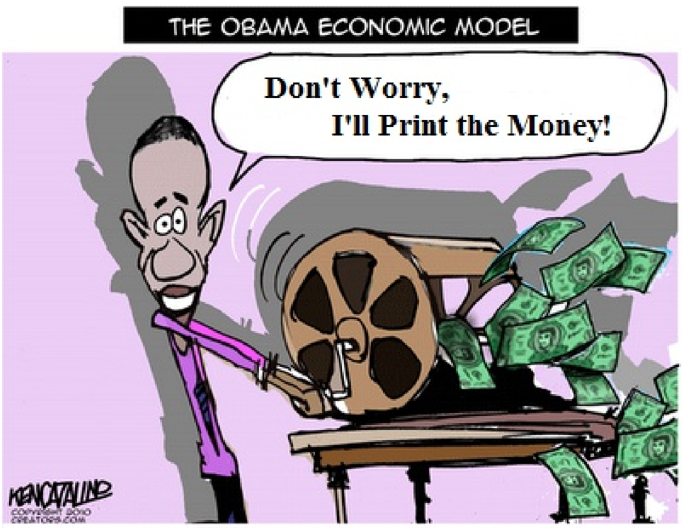
Eventually, it will be clear to all that central bank policies have been a failure. The government's policy of Financial Repression are becoming too heavy handed as productivity falls, high paying jobs disappear and tapped out consumer demand steadily slows.

(cont pg.27)

A U.S. Revenue Recession (cont.)



In closing I would like take a moment as a reminder



Source: Datastream *shaded areas denote QE in action

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28
Methodology

Contents Page

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.

Why Stocks Are Sliding: For The First Time Since 2009 Spending On Buybacks Surpasses Free Cash Flow

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

June 2015 Issue (previous months calls).

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, 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.

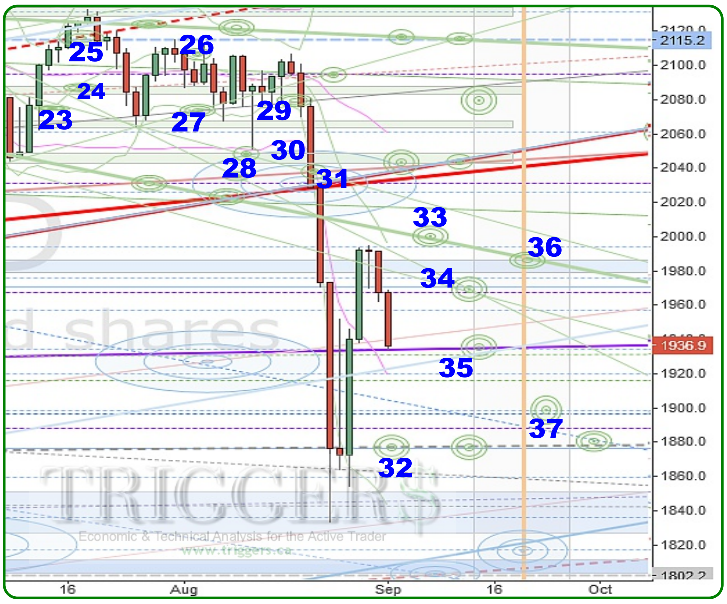
HPTZ TARGETS

Several technical tools, techniques and methods are integrated and overlapped; where these tell a similar story, or ***places of technical confluence***, through both passive and active analysis, is where we have areas of interest or ***High Probability Target Zones***.

Green targets are from the Daily time frame ***Blue targets are from the Weekly time frame.*** Charts below are all Daily time frames. Blue targets appear larger as they have been carried down from the weekly time frame. *(Red are older targets)*

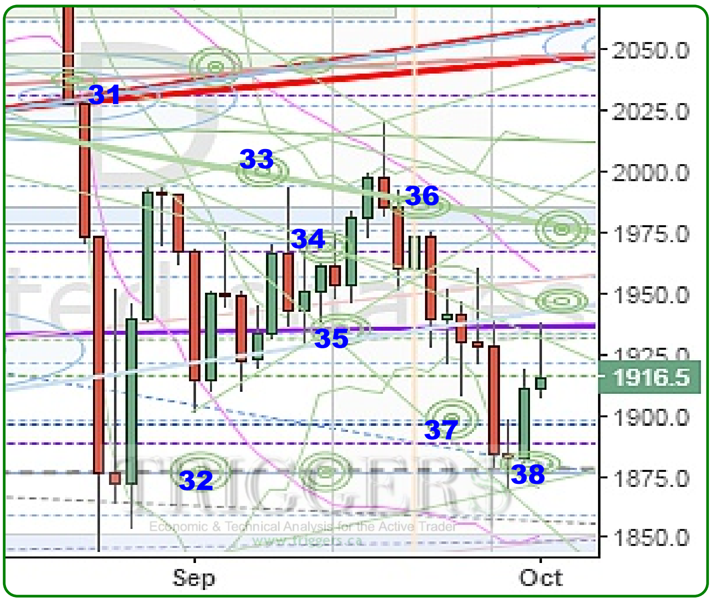
HPTZTRADING S&P

Published in September Issue



Market starting to consolidate

as of Thursday October 1st , 2015



Consolidates, nears HPTZ(33), moves through HPTZ(34)(35)(36), drops on top of HPTZ(37), moves to HPTZ(38)

(cont pg.32)

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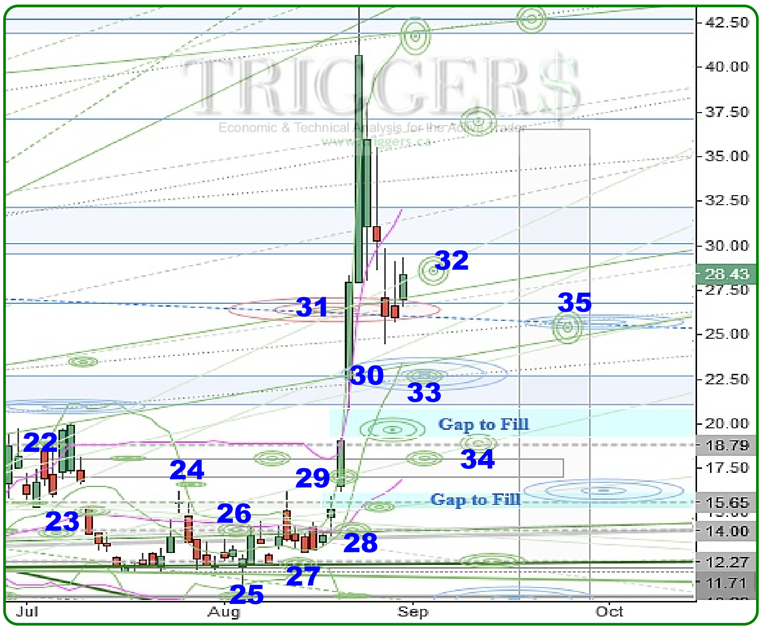
HPTZ Trading (cont)

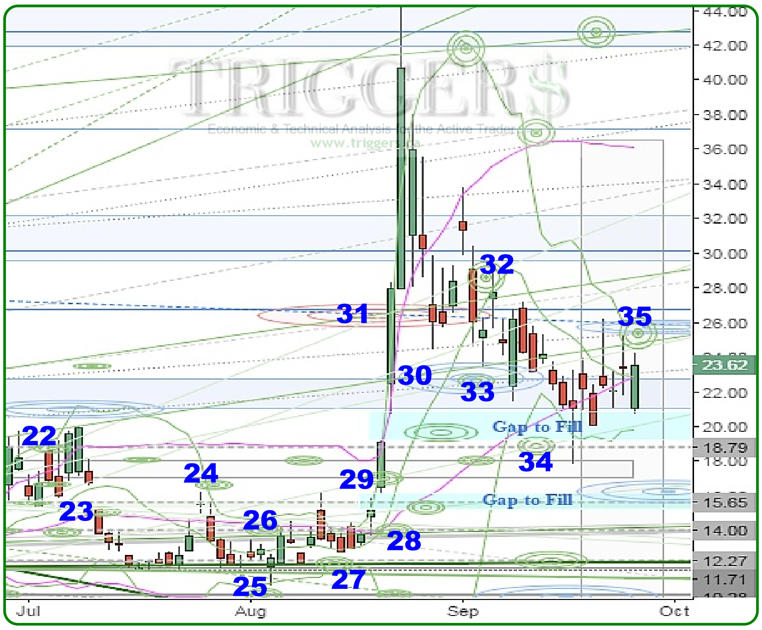
HPTZTRADING VIX

Published in September Issue



Gaps left open below to fill

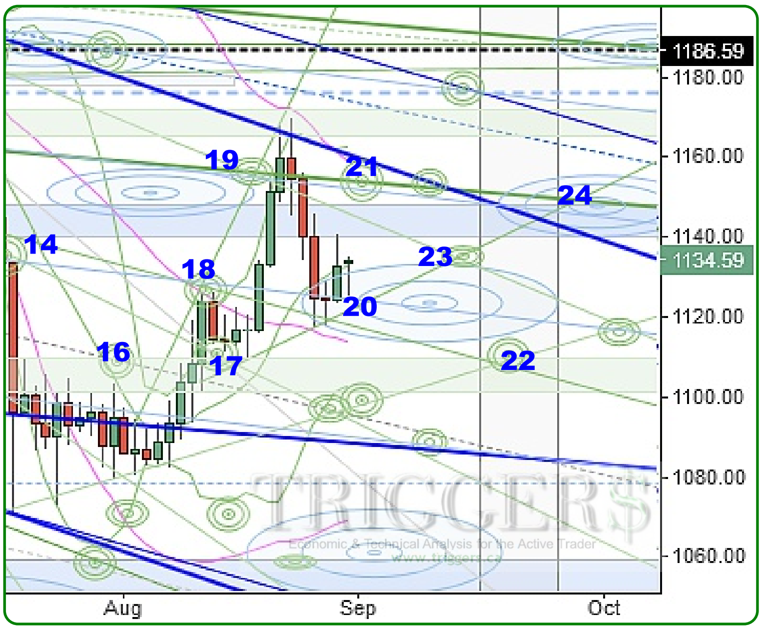
as of Friday September 27th, 2015



VIX slowly drops off moving through HPTZ(32)(33) & (35)

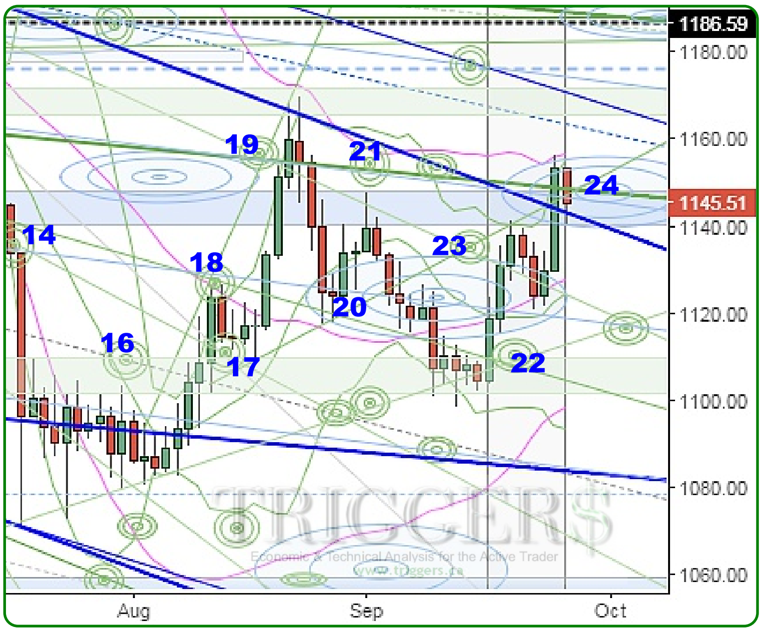
HPTZTRADING GOLD

Published in September Issue



Watching for more sideways movement

as of Friday September 25th, 2015



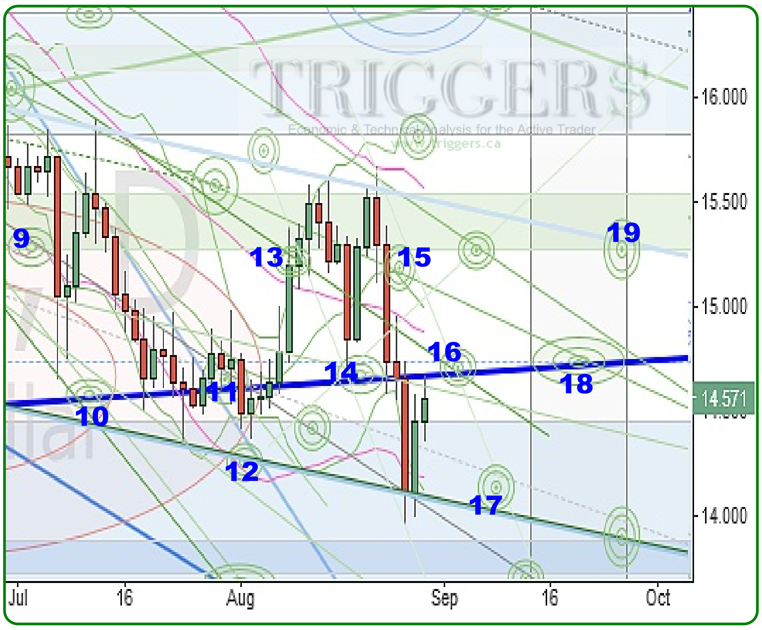
Spikes under HPTZ(21), falls off and lands in HPTZ(22), lifts beside HPTZ(23), continues on to long term HPTZ(24).

(cont pg.33)

HPTZ Trading (cont)

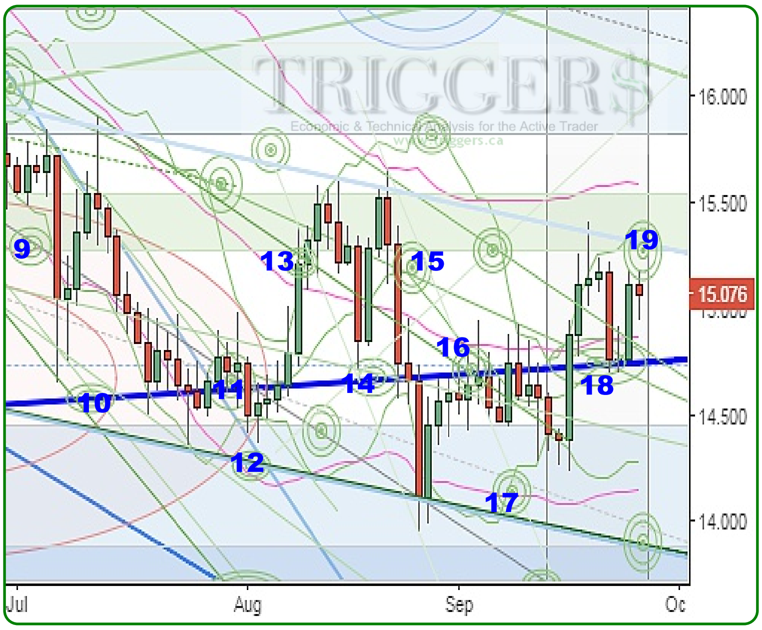
SILVER

Published in September Issue



Silver in consolidation

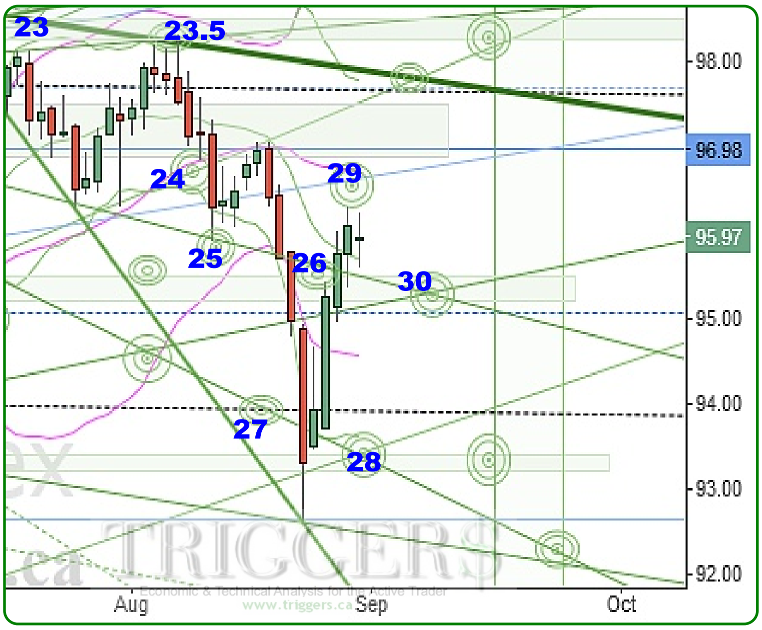
as of Friday September 25th, 2015



Continues to consolidate through HPTZ(16)(18) & (19).

US$

Published in September Issue



USD has been in a long term consolidation

as of Friday September 25th, 2015

Moves over in to HPTZ(30)

(cont pg.34)

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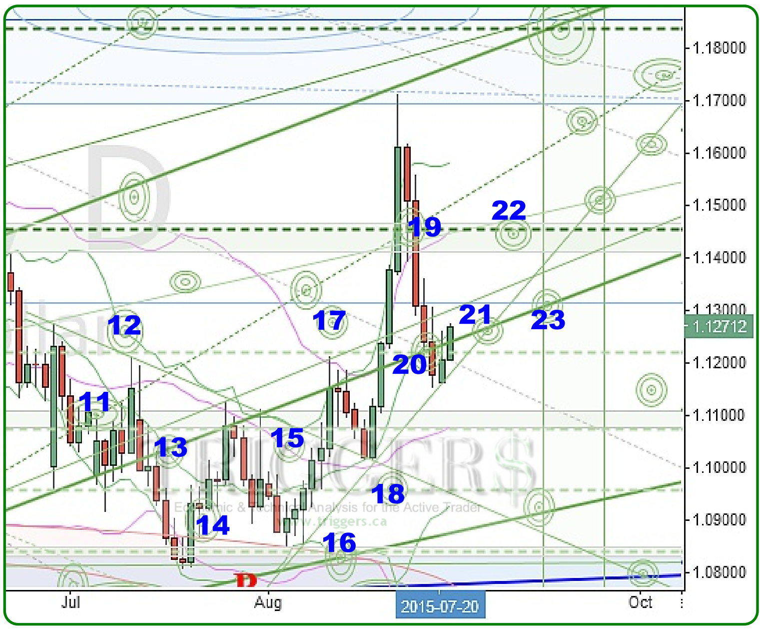
HPTZ Trading (cont)

HPTZTRADING

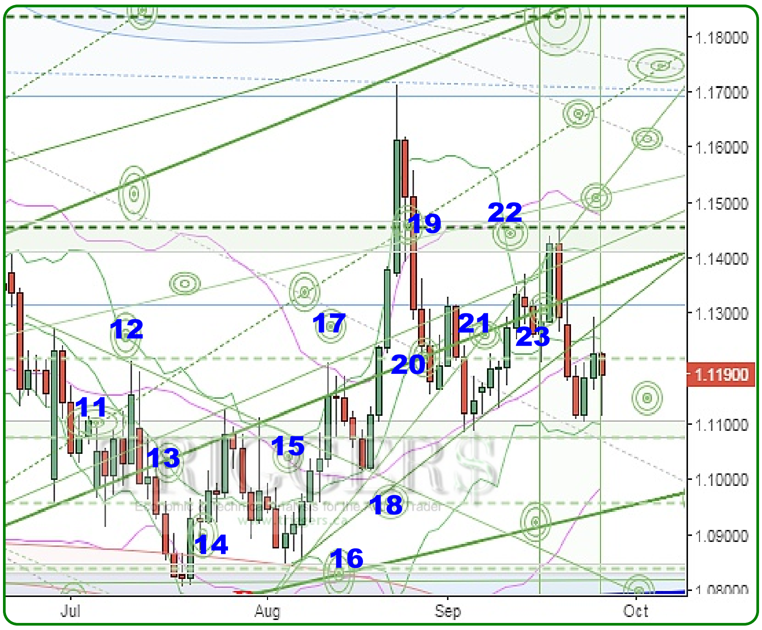
EUR/US$

Published in September Issue



Another market in consolidation

as of Friday September 25th, 2015

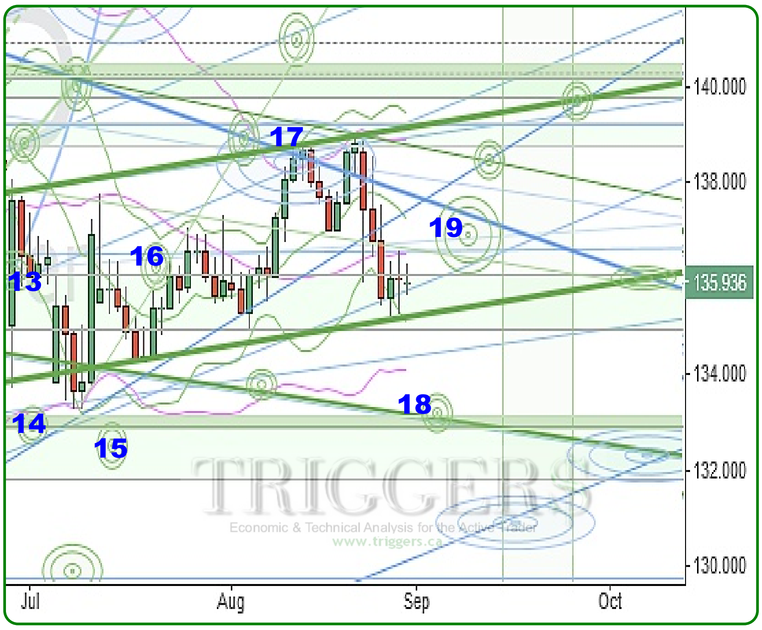


Moves through HPTZ(21) & (23)

HPTZTRADING

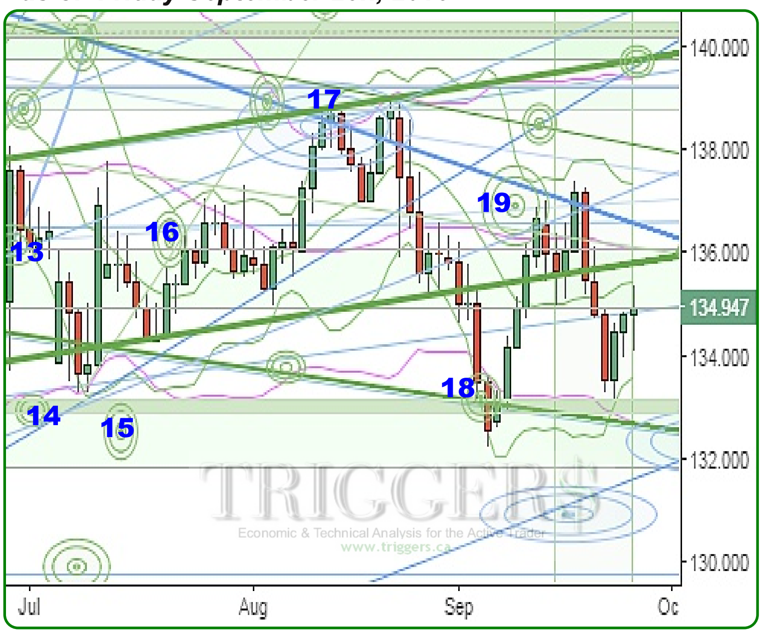
EUR/JPY

Published in September Issue



Channels and potential expanding wedge to watch out for

as of Friday September 25h, 2015



Drops down to significant support at HPTZ(18), lifts to HPTZ(19)

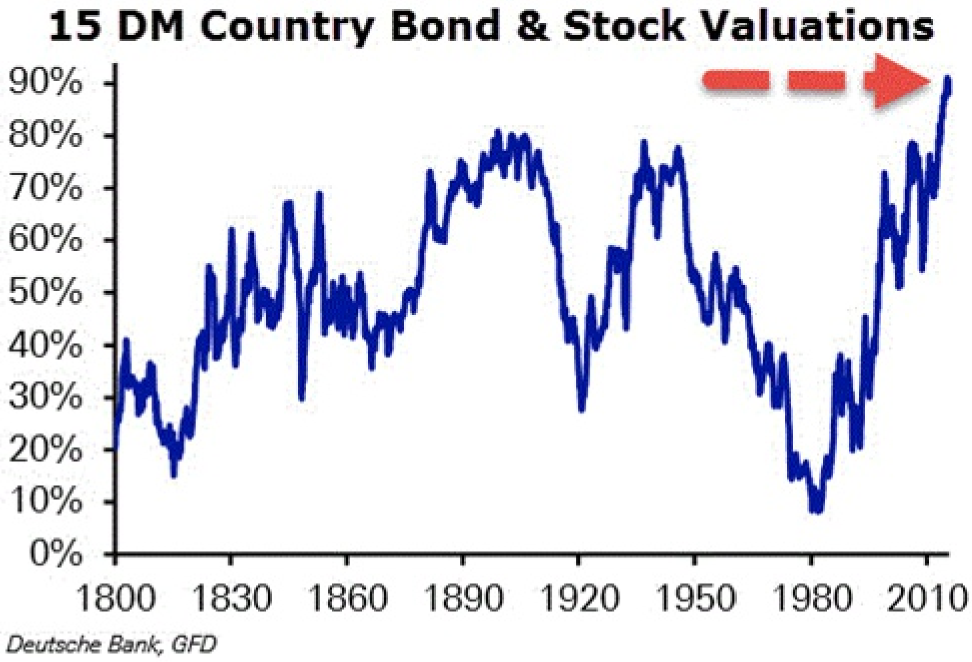
END

Feature Article

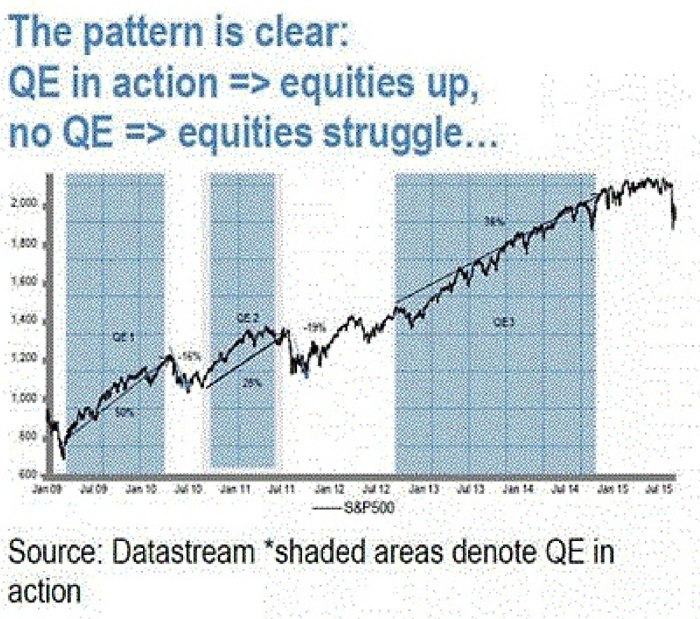
THREE REASONS IT IS SUDDENLY GETTING UGLY

Gordon T Long

Over valuation has been a contention of ours for some time, but this is the first analysis we saw on a global aggregated basis. The following chart show valuation for both the bond and equity markets in 15 developed market economies. We see as we suspected it is at HISTORIC high levels. Not high, but HISTORIC high!



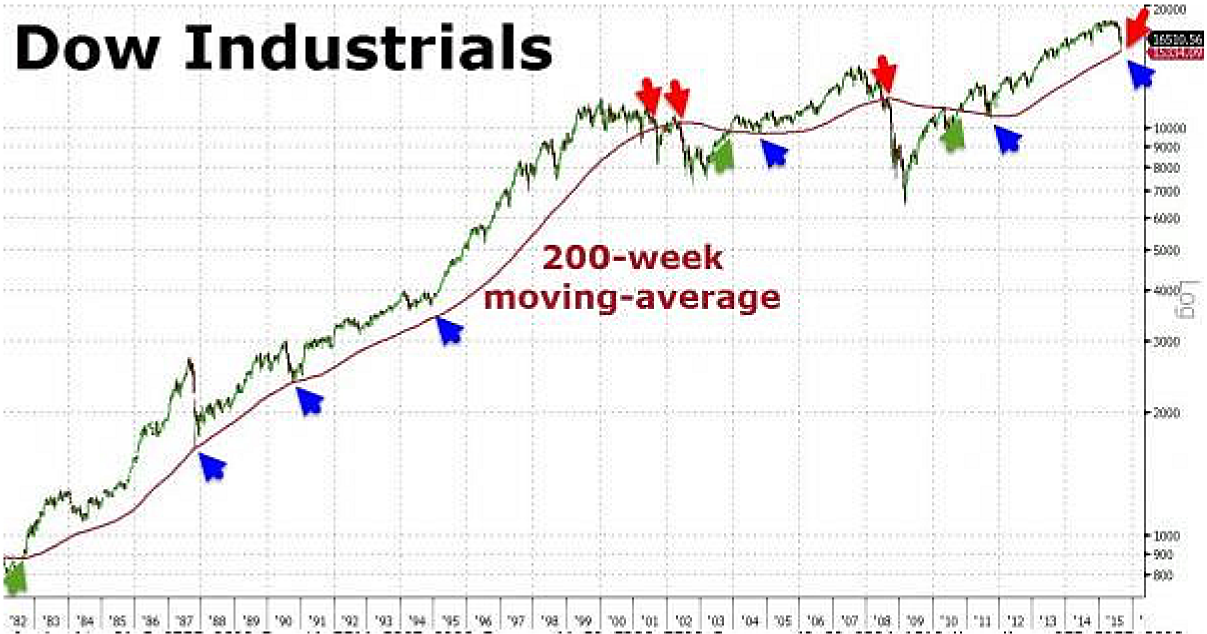
There is little argument that this is a direct result of sustained actions by those central banks of increasing their balance sheets in an attempt to keep interest rates and artificially stimulate demand. What happens when this slows or stops (i.e. TAPER in the US)? Artificial markets react with reduced "risk".



(cont pg.36)

Thre Reasons... (cont)

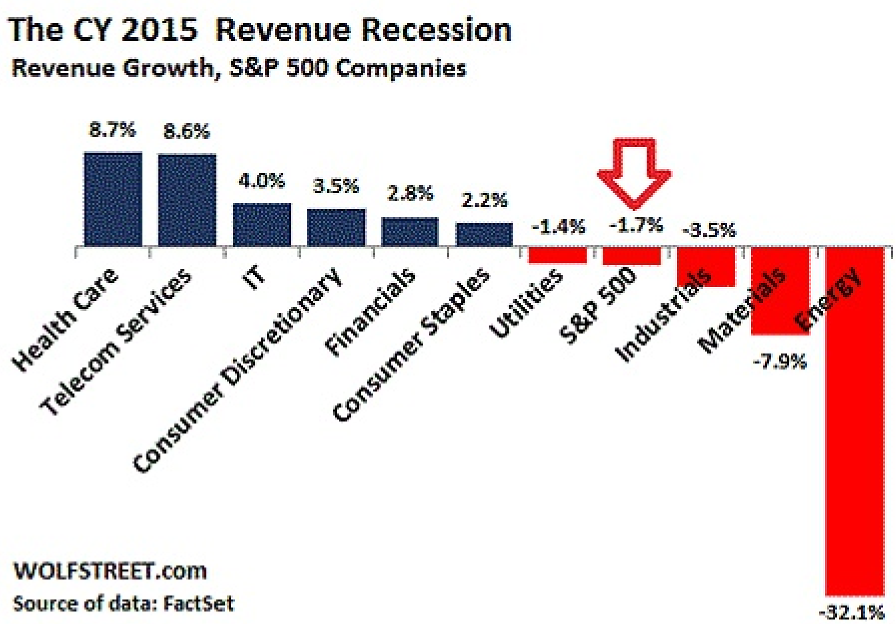
US equity markets, after levitating for some time, suddenly became quite volatile in August. They spiked down to find initial support at the long term 200 week moving average.



(cont pg.37)

What actually triggered this?
It is likely that three things triggered this “levitation” to become volatile:

1-Deteriorating Fundamentals
As we pointed out in this month’s video, “Revenue Recession” top line growth is not there and it is only a matter of time before bottom line earnings will show it.



2-Cycle Timing
The second reason is that markets move in cycles. The cycles are not always obvious, but some like the Fibonacci Cycles as show by the Fibonacci time extensions below have been fairly reliable. We have posted this chart with the vertical correction lines for 2 years now.

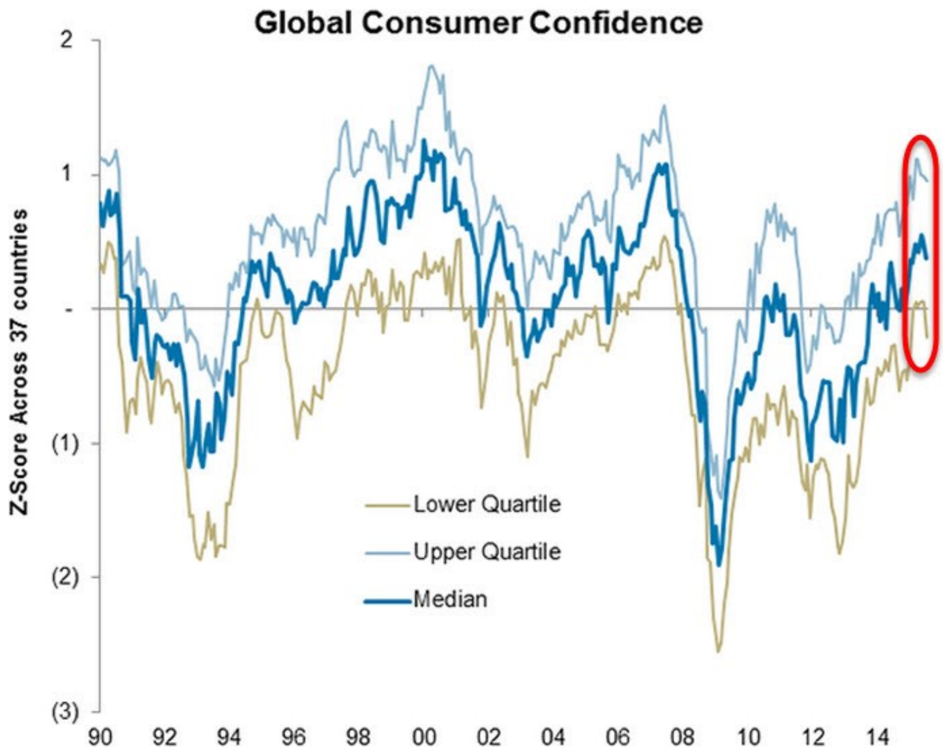
(cont pg.38)

Thre Reasons... (cont)

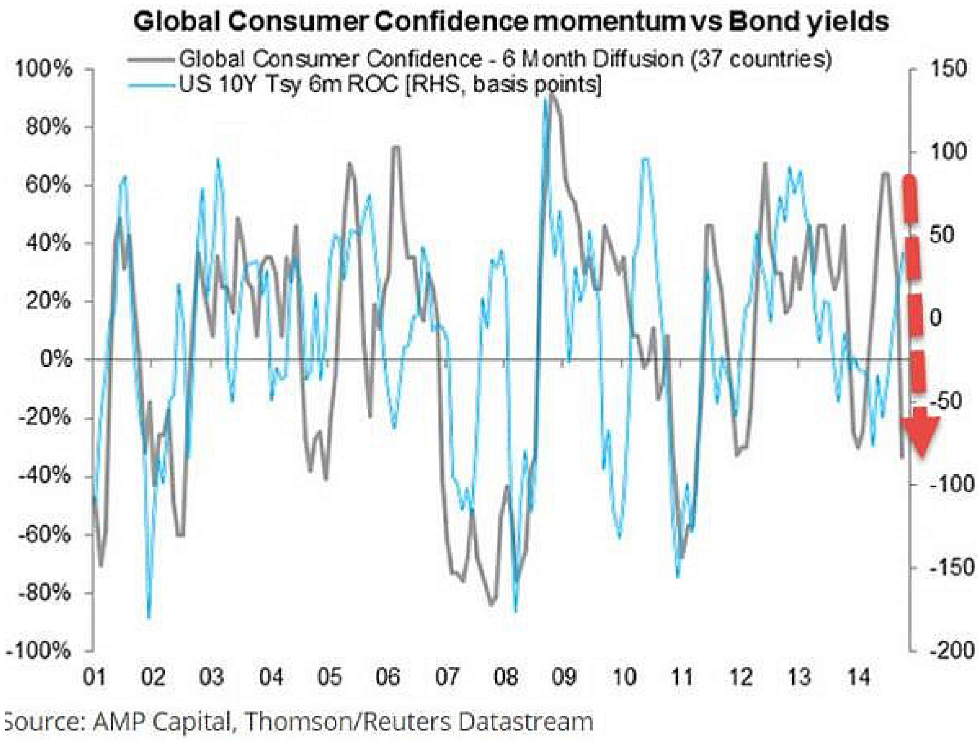
3-Shift in Sentiment

One of the cycles that must be watched is the cyclical nature of sentiment and confidence. When it shift from optimism to pessimism, from greed to fear – watch out.

We have a global shift in confidence.



The shift shows itself in the willingness to accept risk. The bond and credit markets are the ones first impacted.



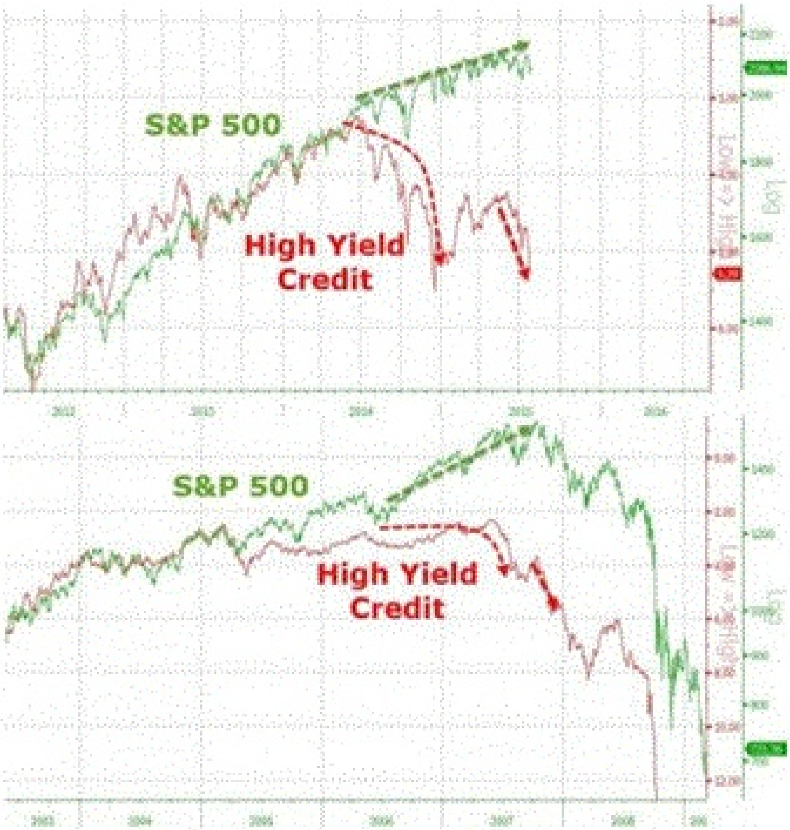
(cont pg.39)

Thre Reasons... (cont)

Worrying Issue - Compounding Credit Issues

When risk becomes a concern and investors reduce risk exposures it cause huge ripples as so much credit is based on the underlying collateral values. Falling collateral values often forces others to reduce risk. It can feed on itself very quickly and is a great concern for the central bankers.

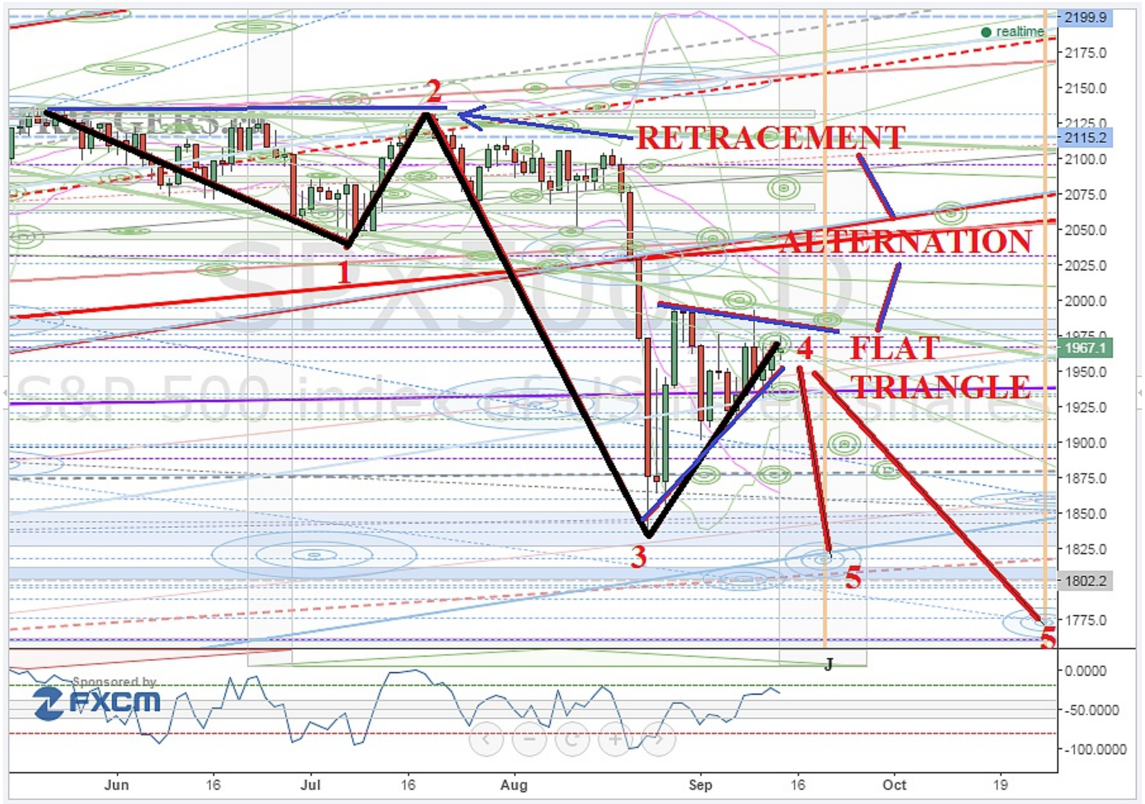
Credit markets are adjusting but equity markets have yet to make the same level of adjustments. They always do. It is only a matter of time!



(cont pg.40)

Thre Reasons... (cont)

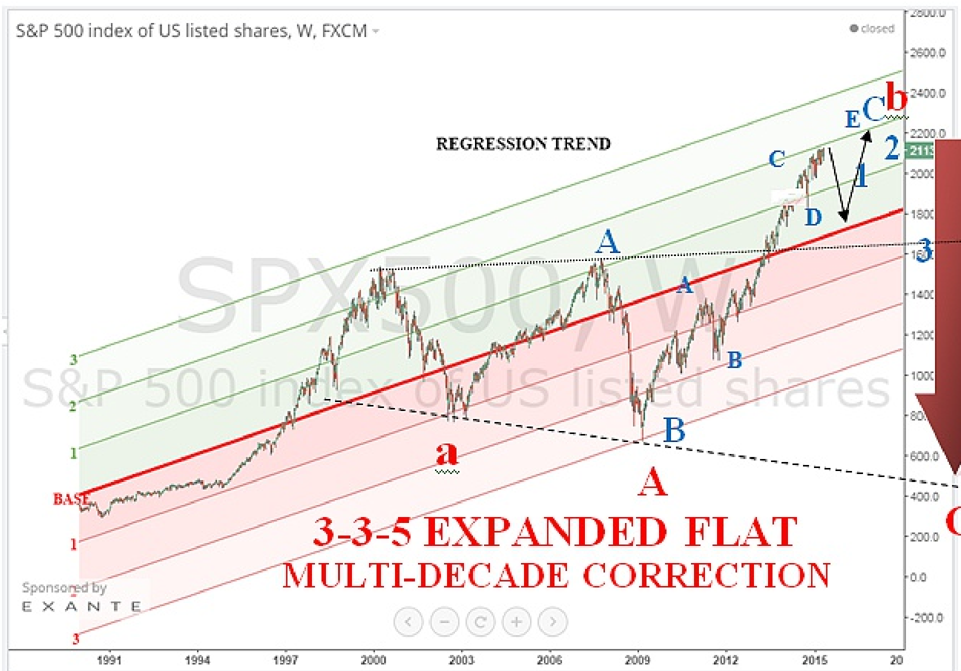
INTERMEDIATE TERM VIEW



As we have laid out in previous MATA reports, we still see more increases in the equity markets in 2015 after this consolidation / correction has run its course but have serious concerns beginning is 2016.

LONGER TERM VIEW

Sometime in 2016, after the central bankers have had another shot at QE, helicopter money and collateral guarantees it will end - badly



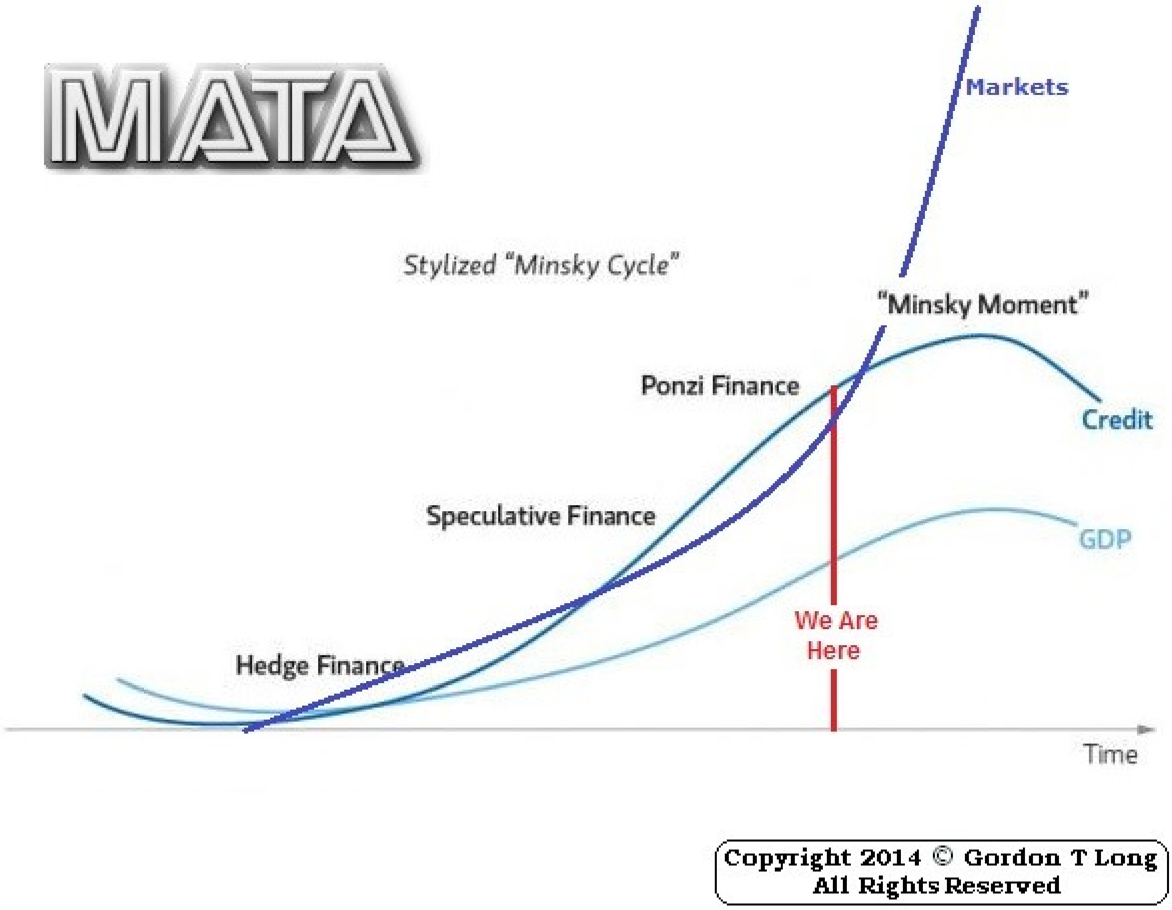
(cont pg.41)

Thre Reasons... (cont)

HAVEN'T CHANGED OUR POSITION

After the near term expected correction we still expect markets to head higher towards a "Minsky Moment" in 2016.

This is based on the assumption that Central Banks will react to any deterioration in the financial markets with yet another round of crisis driven liquidity pumping!



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Need To Know
Technical Analysis

S&P Long Term Views;
Targets; A Closer Look;
MATA TRIGGER$ & DRIVER$

Contents Page

S&P Long-Term View : Controlling Channels & S/R's

S&P Long-Term View : Boundary Conditions

S&P Long-Term View : Closer Look

S&P Target Levels: FIB Extensions

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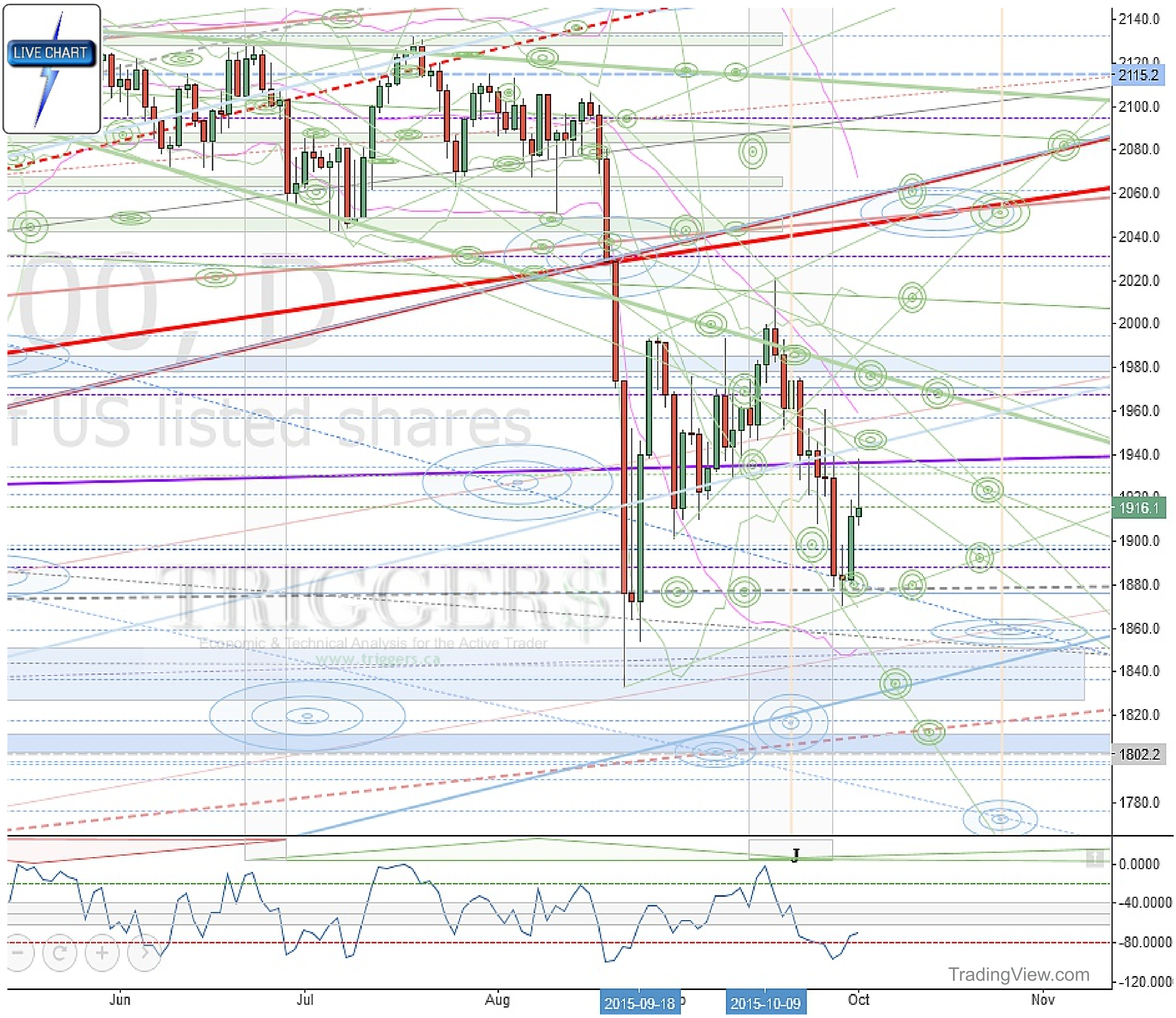
S&P - A Closer Look *Daily View* as of Thursday Oct 1st, 2015 *(10:00am)*



Current market form suggests a consolidation, with another lift up needed to complete before the next significant drop occurs (continuation of the dramatic fall off that can be seen). This could see the red channels above re-tested.

The next significant levels below the market can be seen (blue s/r zones & blue targets). Multiple technicals around the market can be seen to offer trigger considerations as it shows us what it is doing.

Light vertical orange line can be seen and this is some timing we are watching for the next turn of the market: it loosely align with the last week of Oct and some thoughts on the USD.

The W%R has lifted from the lower extremes and broken over -80. This suggests strength is coming back in to the market and could b the start of the next leg up. Dropping back below the -80 level would indicate the current negative trend / wave is continuing

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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.

SUBSCRIBERS ONLY

MATA TRIGGER$ ZONES *Key Dates to Watch*

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.

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MATA DRIVER$ & BIA$

SUBSCRIBERS ONLY

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.

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Feature Article

IS THE FED PREPARING FOR QE4 ... OR EVEN WORSE - "HELICOPTER MONEY"?

Gordon T Long

IS "HELICOPTER MONEY" COMING?
Since the start of June, global equity markets have lost over $13 trillion. This might be thought of as lost "collateral" for the mountains of pyramided global debt. This is frightening the Central Bankers!

(cont pg.47)

Is the FED Preparing for QE4...

As Zero Hedge spells out:
"world market capitalization has fallen back below $60 trillion for the first time since February 2014 *as it appears the world's central planners' "print-or-die" policy to create wealth (and in some magical thinking - economic growth) has failed - and failed dramatically".*

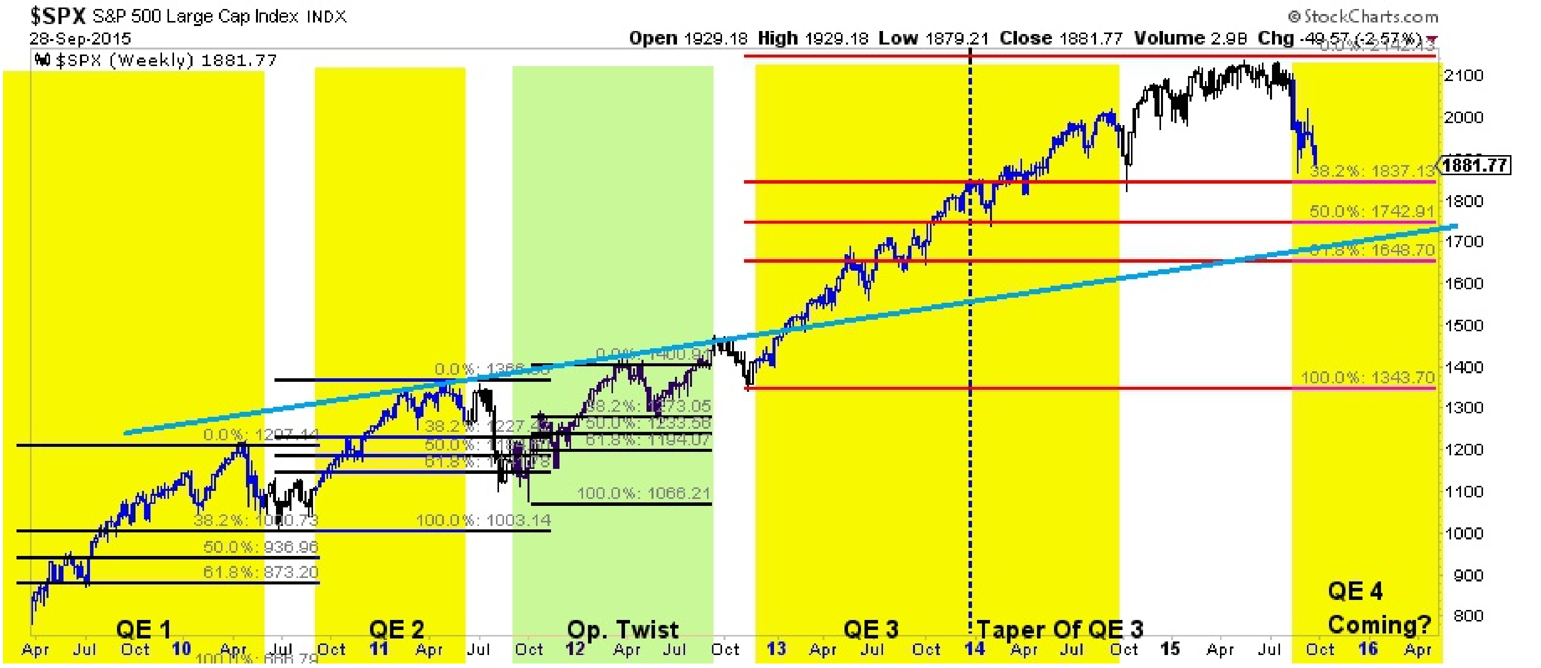
Despite a steady diet of global rate cuts and balance sheet expansion around the world, **the last 4 months have seen an 18% collapse - the largest since Lehman**.

THE FED HAS BEEN BACKED INTO THE CORNER OF ONCE AGAIN INCREASING ITS BALANCE SHEET

(cont pg.48)

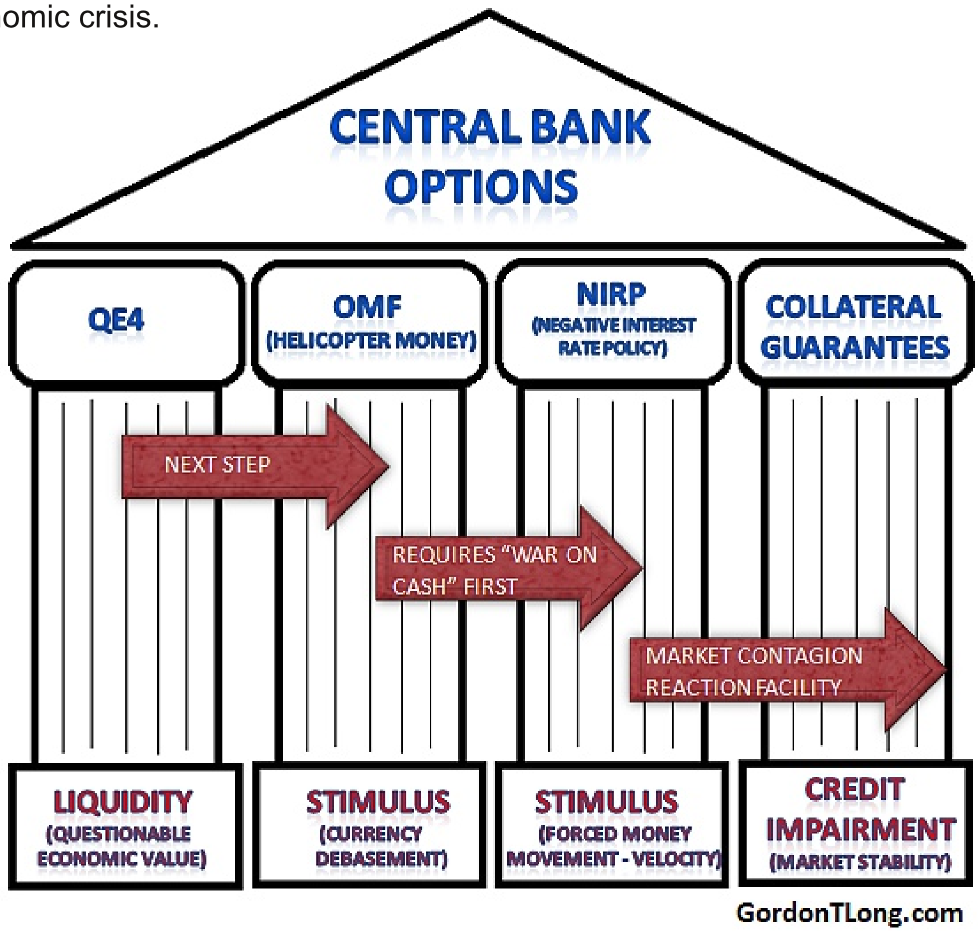
Is the FED Preparing for QE4...

HISTORICAL BEHAVIOR SUGGESTS THIS SHOULD SOON TO BE EXPECTED



WHAT ARE THE CENTRAL BANKERS' OPTIONS?

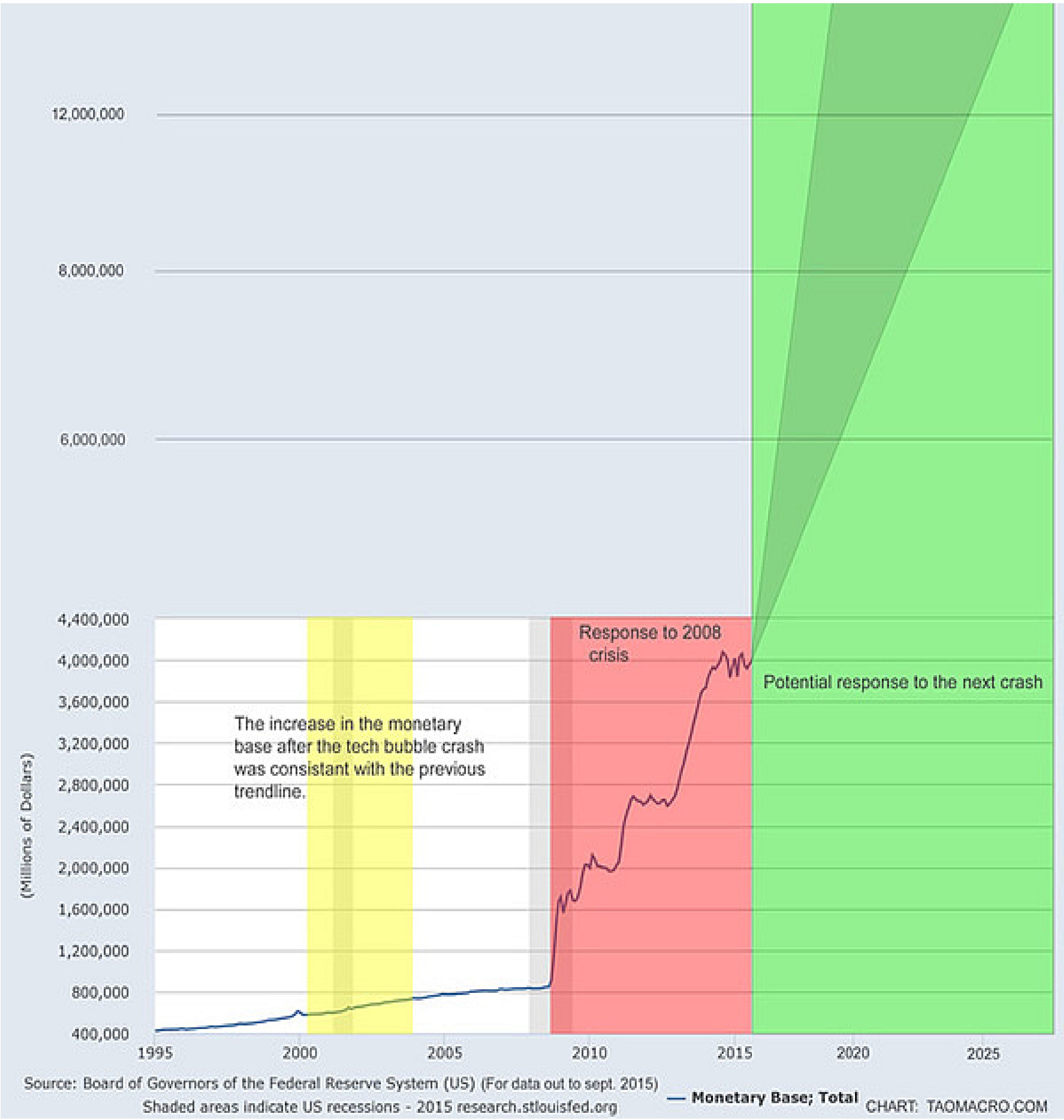
Of course you never know for sure, but the general thinking is there are three likely central bank initiatives in our future. They may be rolled out or unleashed in a coordinated fashion to stem a potential economic crisis.



(cont pg.49)

Is the FED Preparing for QE4...

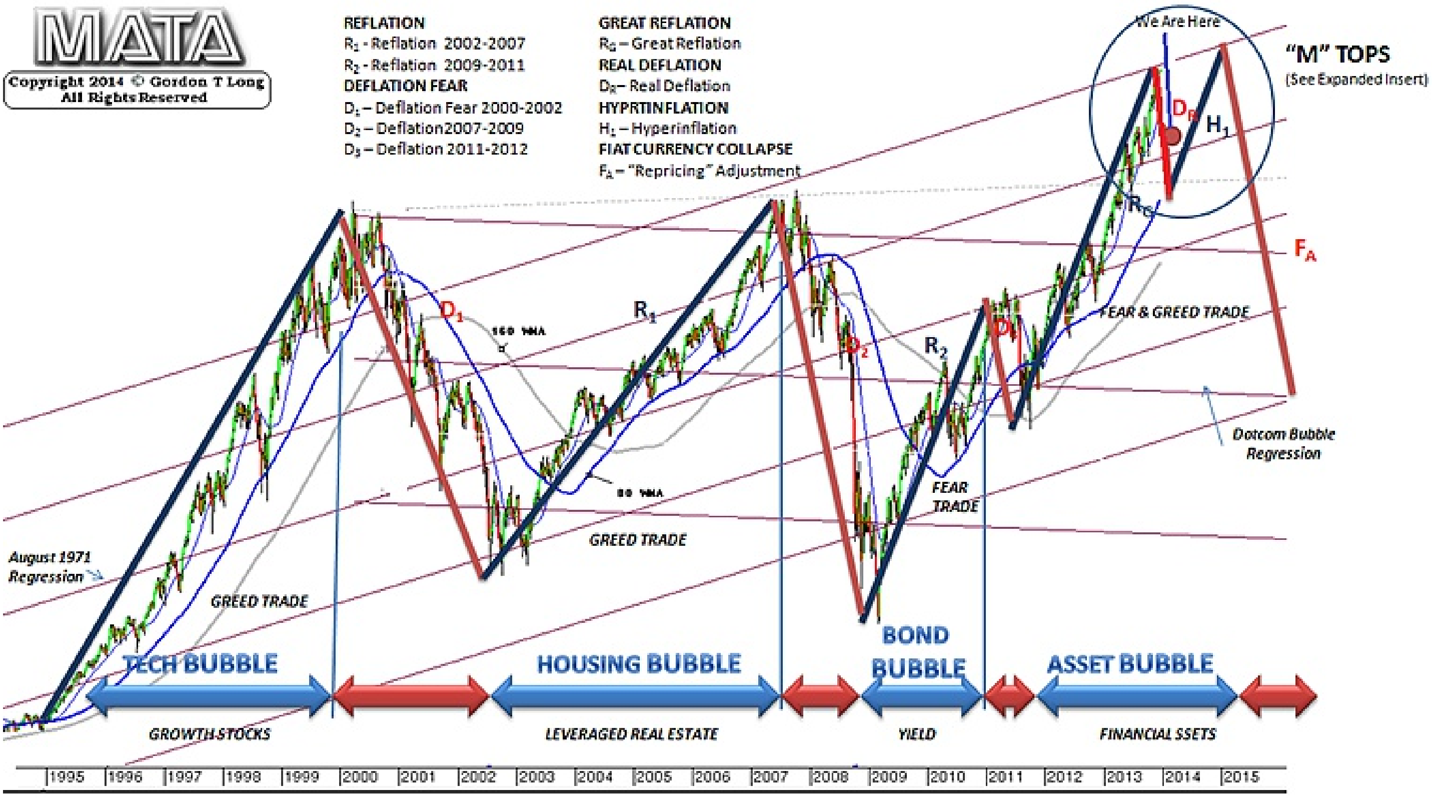
IT WIIL ONLY TAKE THE PERCEPTION OF A CRISIS TO UNLEASH A TORRENT LARGER THAN WE CAN CURRENTLY IMAGINE!



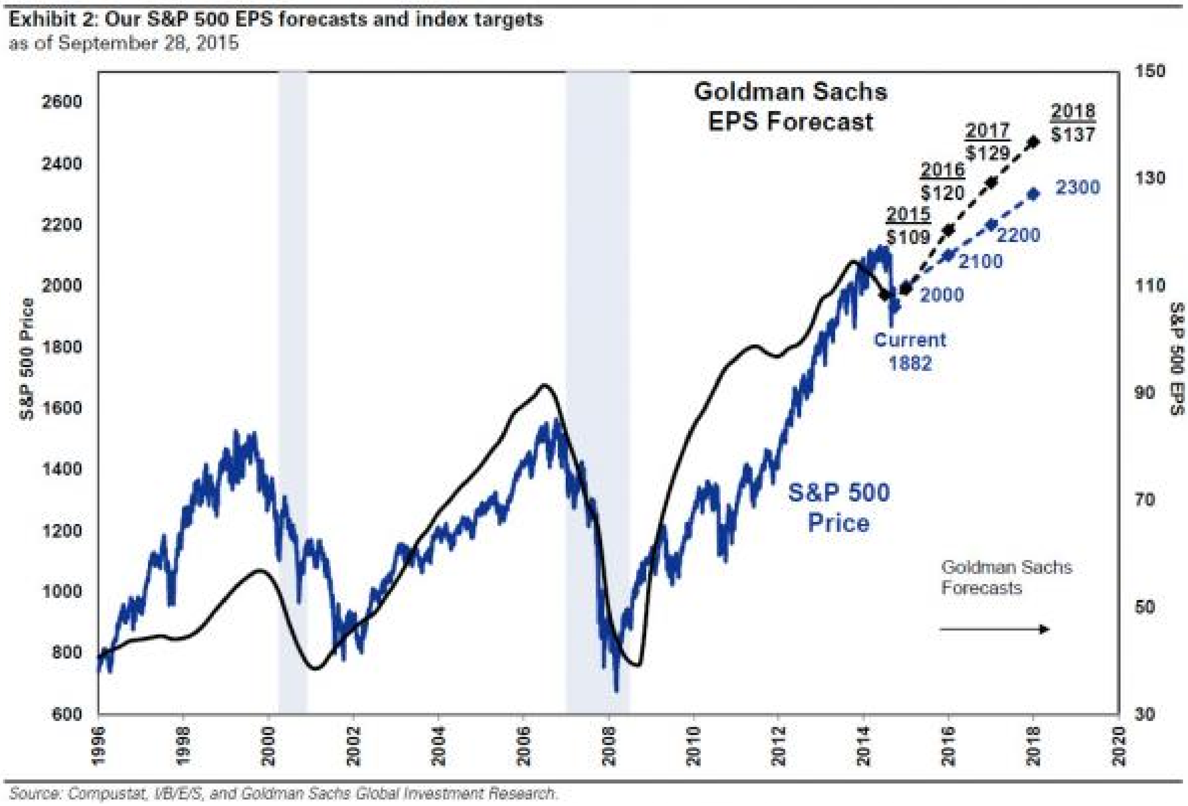
(cont pg.50)

Is the FED Preparing for QE4...

Let me be perfectly clear, none of this will work in the longer term! But when you are trying to keep your job, the longer term is the least of your concerns.



GOLDMAN SUPPORTS OUR 'M" TOP - *WITH BOGUS NUMBERS*



(cont pg.51)

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Is the FED Preparing for QE4...

POTENTIAL FED TRIGGER LEVELS
So how long will the Fed wait before acting? What might the FED's trigger points be?

A- BULL MARKET TREND CHANNEL SUPPORT
Channel Support = 1860

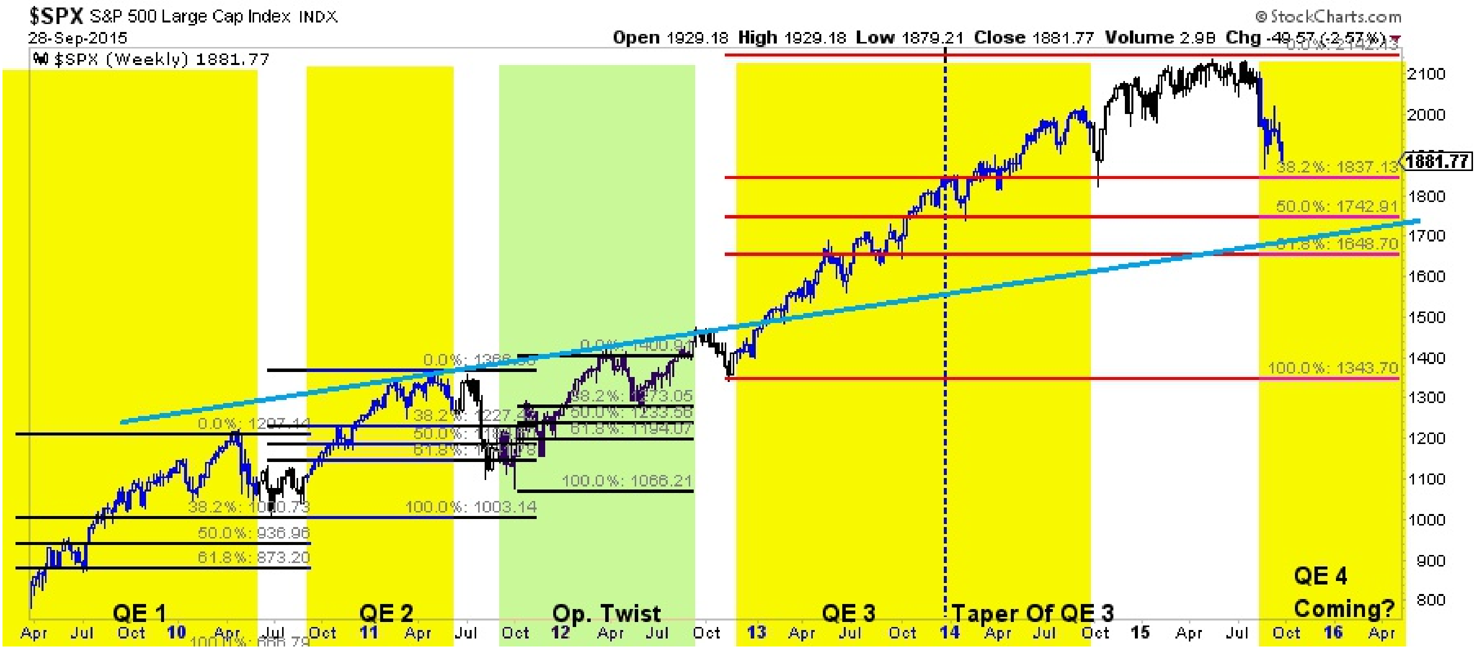
(cont pg.52)

Is the FED Preparing for QE4...

B- TRADITIONAL FIBONACCI SUPPORT LEVELS

FIBONACCI 38.2% = 1837

FIBONACCI 50.0% = 1743



C- REGRESSIONS & TRADE WEIGHTED DOLLARS

Our longer term analysis on both the basis of linear regression and trade weighted dollars for the S&P 500 suggest ~1800needs to be held or matters could get quickly out of control for central bank policy initiatives.

LONG TERM REGRESSION

TRADED WEIGHTED $ SPX

(cont pg.53)

D- SOME SEE THE FED "PUT" TO BE MUCH LOWER

I find the views of Nomura's Bob Janjuah to very insightful and predictive. He sees the Fed "PUT" to be much lower than we do.

He writes:

"Where is the Fed "put", and what would such a "put" look like? It is very early in the process and lots will depend on global policy responses and data outcomes, but I am happy to declare my view: the next Fed "put" is not likely until the S&P 500 is trading in the ***1500s at least (so more likely to be a Q1 2016 item rather than Q4 2015)****; and in terms of what the Fed could do, clearly QE4 has to be in the Fed's toolkit. However, considering the failure of global QE to generate sustainable global growth and inflation, and considering the Fed's starting point, 2016 could be the year when we see* ***negative Fed Funds*** *as a way of getting money velocity moving up rather than down.*

... while I think a US recession is merely possible rather than probable, the evidence is growing in my view that a global recession is more probable than possible. Certainly the global trade data are pointing to meaningful global growth weakness, backed by weak data from EM and large parts of DM too. And a quick look at credit markets, in particular the HY markets in the US and Europe as well as the EM credit space support my view of a global growth recession being probable and not just possible. So if a global growth recession is more probable than possible, then it seems clear to me that neither risk assets nor core rates markets are accurately reflecting this at this time – instead, they reflect the "more possible" scenario rather than "more probable". In other words, ***financial markets are NOT yet pricing for a recession****, rather they are merely flirting with the idea. I suspect this largely reflects faith/hope in policymakers within market participants. The events of the past few weeks, both going into and after the most recent BOJ and FOMC meetings, should give those heavily invested in policymaker faith/hope a lot of food for thought."*

THE REVENUE RECESSION IS MOVING TOWARDS A ECONOMIC RECESSION SCARE

The Fed catalyst may not be a market level but rather the potential worry of an Economic Recession. A scare that may galvinize the Fed into action?

My research shows for the first time since 2009, all six major Fed regional activity surveys are in contraction territory.

(cont pg.54)

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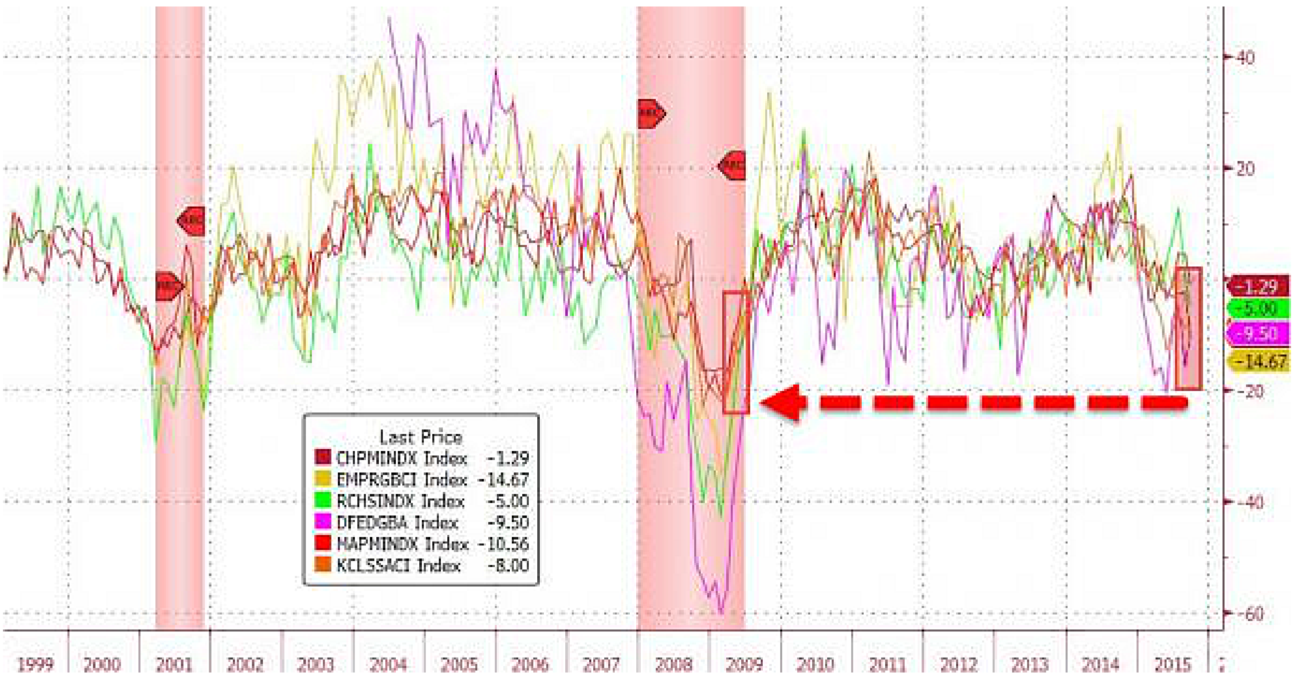
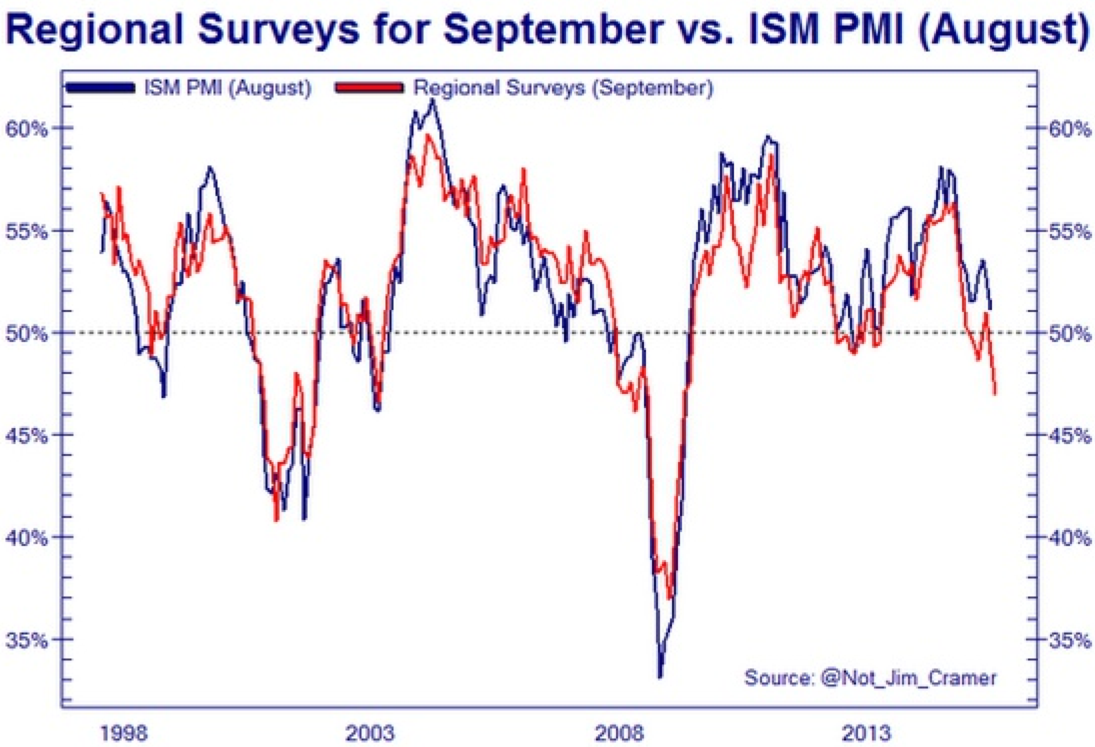
Is the FED Preparing for QE4...



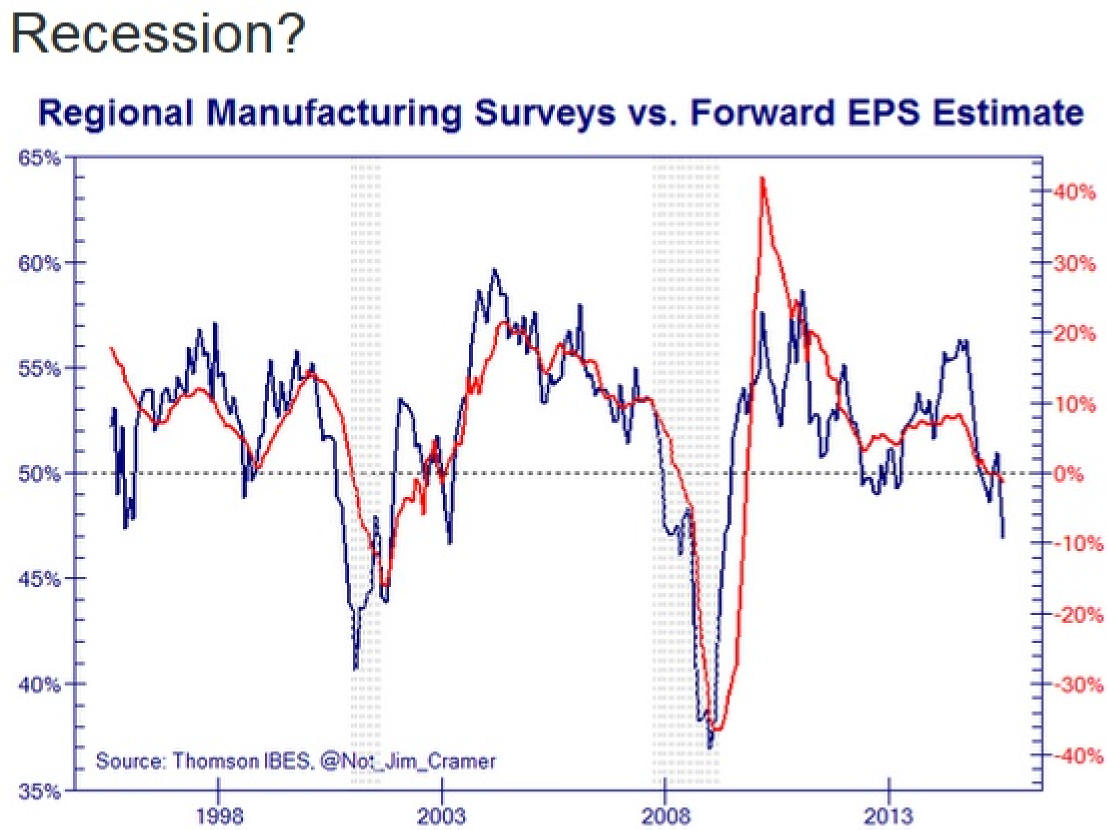
Charts: Bloomberg



(cont pg.55)

Is the FED Preparing for QE4...

WHAT THE MAINSTREAM MEDIA IS NOT SHOWING - *But the fed is acutely aware of!*



EXPECT THE FED TO HIDE BEHIND THE COMING MARKET REALIZATION SCARE!

QE4, Helicopter Money (OMF), NIRP and Collateral Guarantees are coming soon!

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The Vault
Currencies & Metals

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

select the LIVE CHART button for current market data

Contents Page

SILVER — as of Wednesday September 30th, 2015

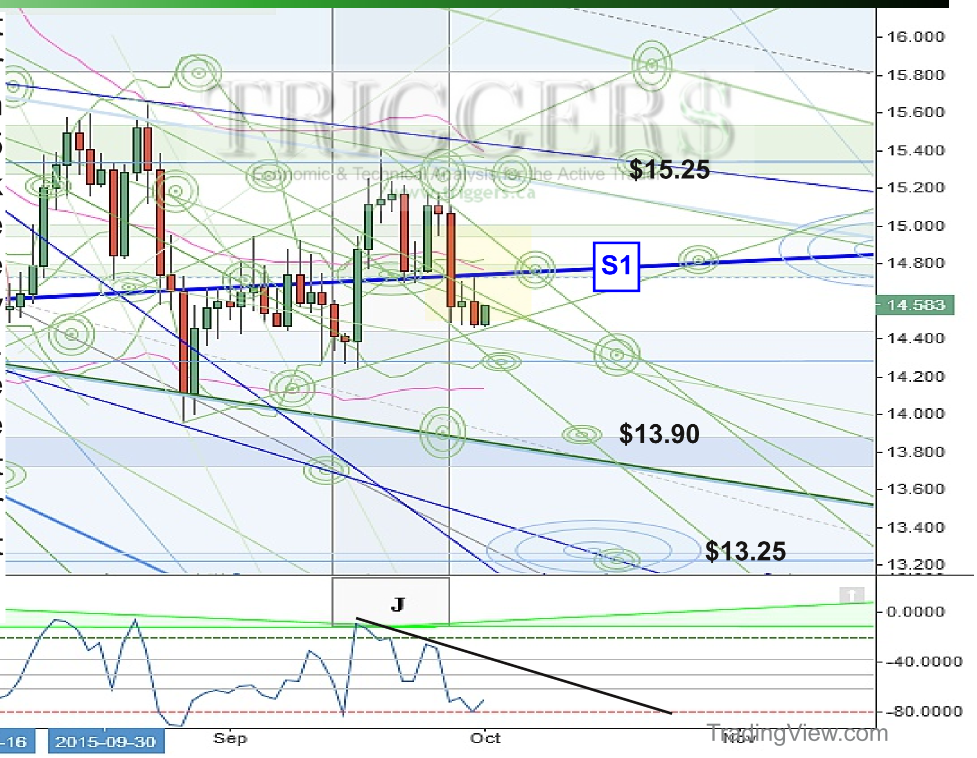
Long-Term View - *Weekly*

Long Term trend line **S1** is significant and we are still watching to see if it will hold. Although the market has moved through **S1**, it currently appears to be consolidating around it. The W%R looks to have turned and may be headed back to trend support (on the indicator) or the -80 level. At this point it is unclear if **S1** will provide support for a lift or will be broken – follow along with the technicals. The trend remains Negative, technically more down can be seen. Gordon's MACRO BIAS suggest we could see strength come to the market at any time. Again, follow the technicals!

Near-Term View - *Daily*

LIVE CHART

Should the market continue the larger down trend, we can see $13.90 and $13.25 as the next price levels to look for support. A lift could take the market back to $15.25 +. The W%R is at lower levels and may be bouncing from the -80 level. Watch to see if it continues the lift and moves up through the Fib levels on the indicator, or if it drops below the -80 level: either will give clues for the next move.



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GOLD as of Wednesday September 30th, 2015

Long-Term View - *Weekly*

Near-Term View - *Daily*

EUR:JPY as of Wednesday Septemeber 30th, 2015

Long-Term View - *Weekly*

Near-Term View - *Daily*

US$ as of Wednesday September 30th, 2015

Long-Term View - *Weekly*

Near-Term View - *Daily*

EUR:US$ as of Wednesday September 30th, 2015

Long-Term View - *Weekly*

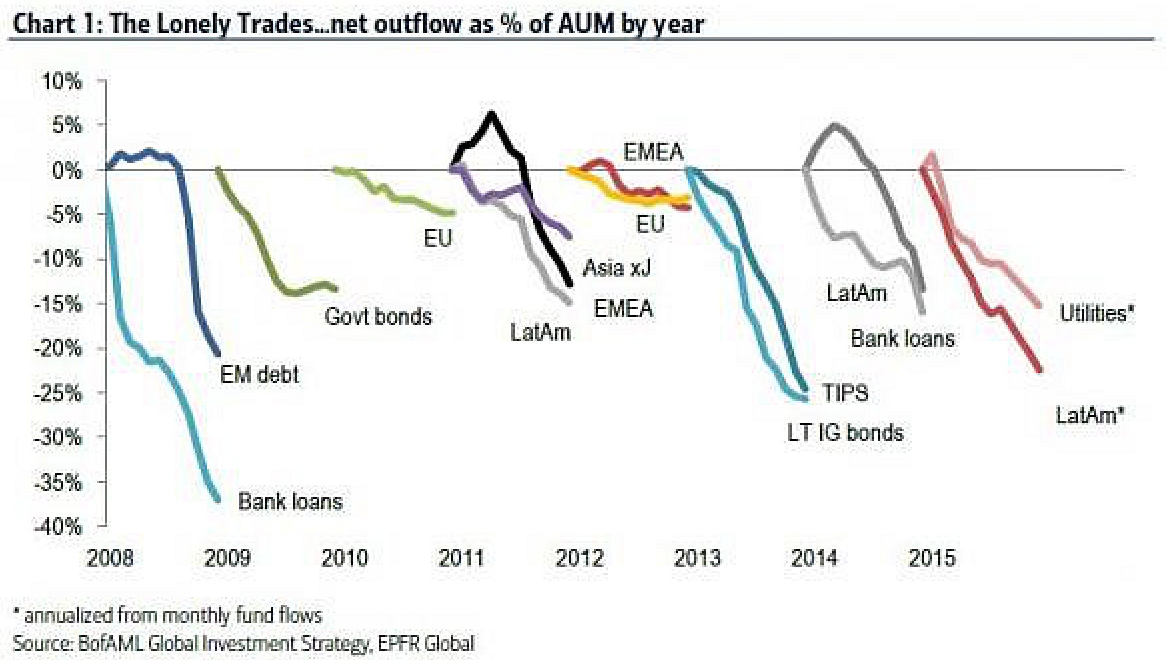
Near-Term View - *Daily*

$9 TRILLION IN VAPORIZING CREDIT

Gordon T Long

THIS IS CREDIT VAPORIZING

The chart below is what credit looks like as it is being vaporized!



The August $9 trillion drop in combined market cap between the MSCI All World index and Chinese stocks, is the second highest ever, surpassed only by the $13 plunge in global market capitalization in late 2008. Though the markets have bounced since then, tremendous damage has been done.

What we had was $1 trillion drop in emerging markets, a $4 trillion decline in development equity markets, and the bursting of the Chinese stock bubble, which from a peak market capitalization of $10 trillion in early June, or about the same as China's GDP, has lost some $4 trillion, since despite the Chinese government's increasingly more desperate and futile attempts to reflate the bubble.

(cont.pg.59)

$9 Trillion... (cont.)

This has resulted in a 4 week period of market outflows of a massive $46 billion, with Bank of America adding that "stock outflows very large in 3 out of past 4 weeks, **in stark contrast to relative calm in credit** (e.g. modest vol pick-up and no contagious selling in HY/EM debt)." The breakdown of the selling was as follows:

- EM: $4.5bn outflows (9 straight weeks)
- US: $15.9bn outflows ($13bn outflows via ETFs)
- Europe: $0.8bn inflows (inflows in 16 out of past 17 weeks)
- Japan: $1.8bn inflows (inflows in 27 out of past 29 weeks)

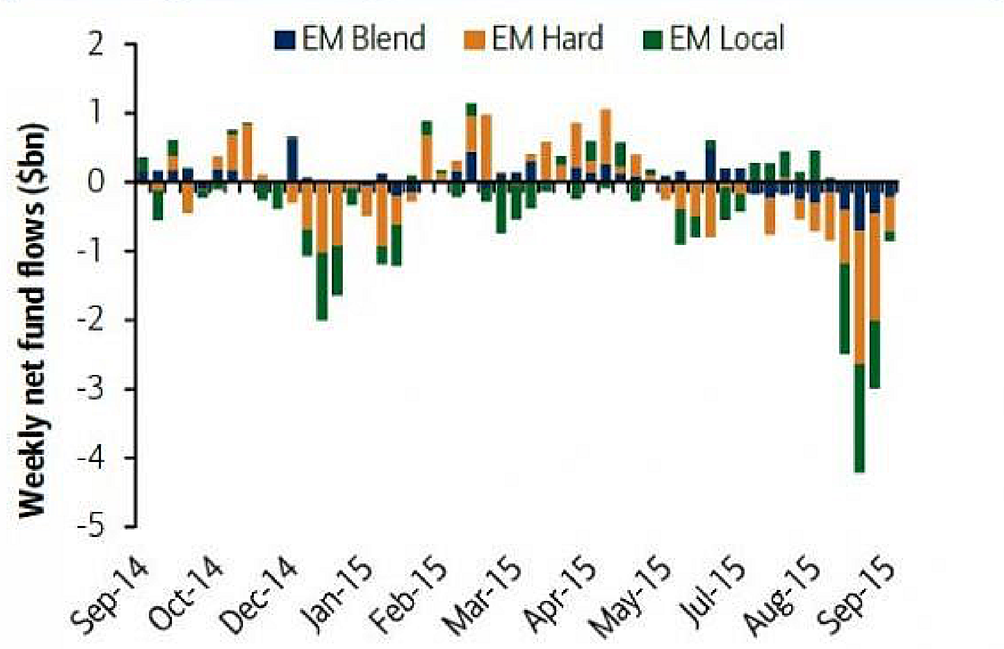
ALL EYES ON CREDIT MARKETS

According to Bank of America: "The $9T decline in market values will impact implied leverage calculations and as such all eyes should now be on credit markets. Asian credit is already reacting to the price declines, with the likes of the Markit iTraxx Asia ex Japan CDS index moving significantly wider. However there has, as yet been no significant de-rating of credit in the likes of the US."

... the drop in the market capitalization, and thus enterprise value (aka the EV used in the EV/EBITDA calculation) with debt sticky, will lead to far higher gross leverage ratios. To be sure, the $2 trillion in total debt (and $1 trillion in net debt) added to the balance sheets of non-financial firms since 2009 will not help. In fact, if the market suddenly realizes just how over levered US firms are, now that the Fed is set to begin hiking rates and pushing interest rates higher, something just may snap in the bond market which has been extremely generous to corporate CFOs in the past 7 years.

Weekly EM Fund Outflows

Figure 8: Weekly EM fund flows, $bn

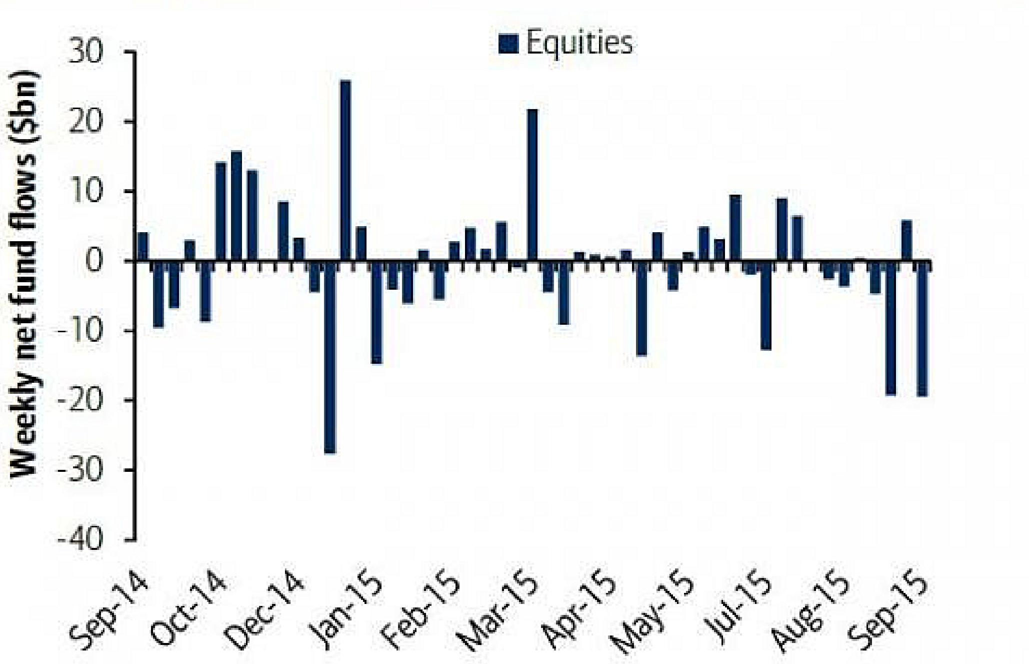


Source: BofA Merrill Lynch Global Research, EPFR Global. Data are for US-domiciled funds only.

(cont.pg.60)

$9 Trillion... (cont.)

Figure 5: Weekly equity fund flows, $bn



Note: data are for US-domiciled funds only.
Source: BofA Merrill Lynch Global Research, EPFR Global.

Worrying Issue - Compounding Credit Issues

When risk becomes a concern and investors reduce risk exposures it cause huge ripples as so much credit is based on the underlying collateral values. Falling collateral values often forces others to reduce risk. It can feed on itself very quickly and is a great concern for the central bankers.

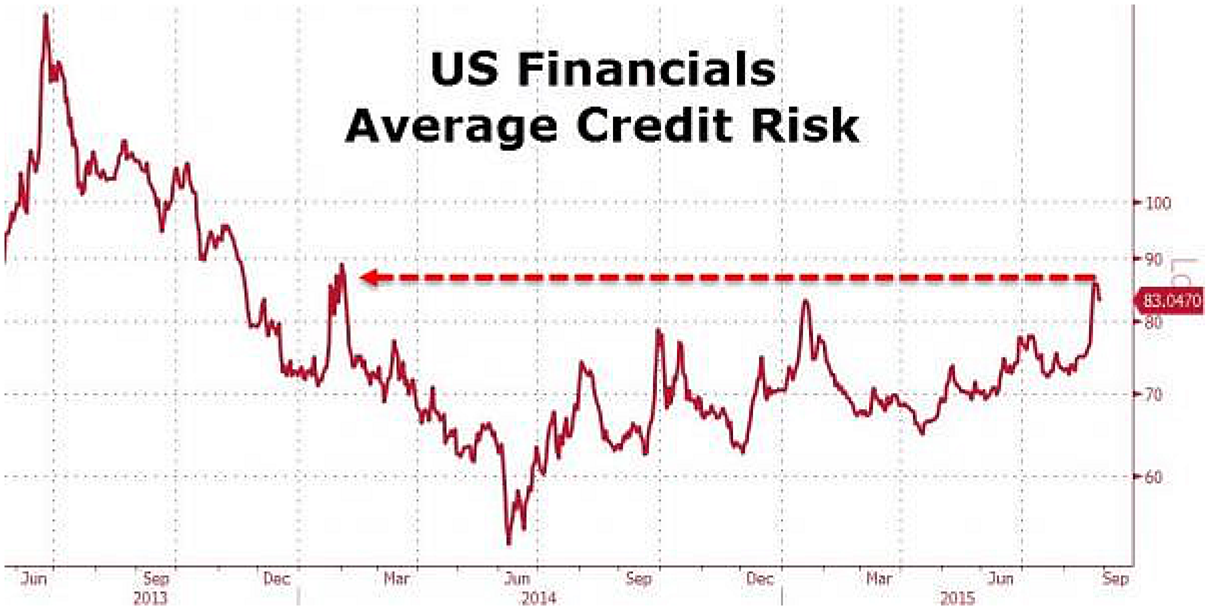
Dramatic 3 month decline in global market capitalisation (MSCI All World + China A Shares)

Source: SG Cross Asset Research/Equity Quant, MSCI, Thomson Reuters Datastream

(cont.pg.61)

$9 Trillion... (cont.)

Credit markets are adjusting but equity markets have yet to make the same level of adjustments. They always do. It is only a matter of time!

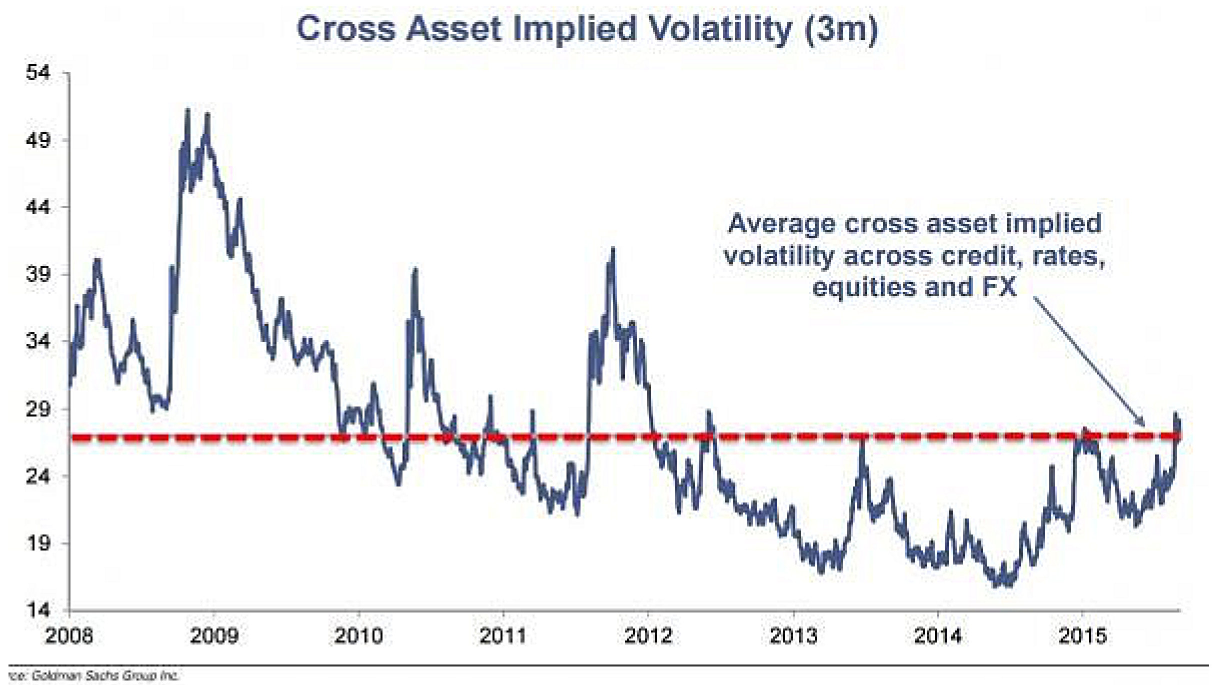


TED Spread Increasing

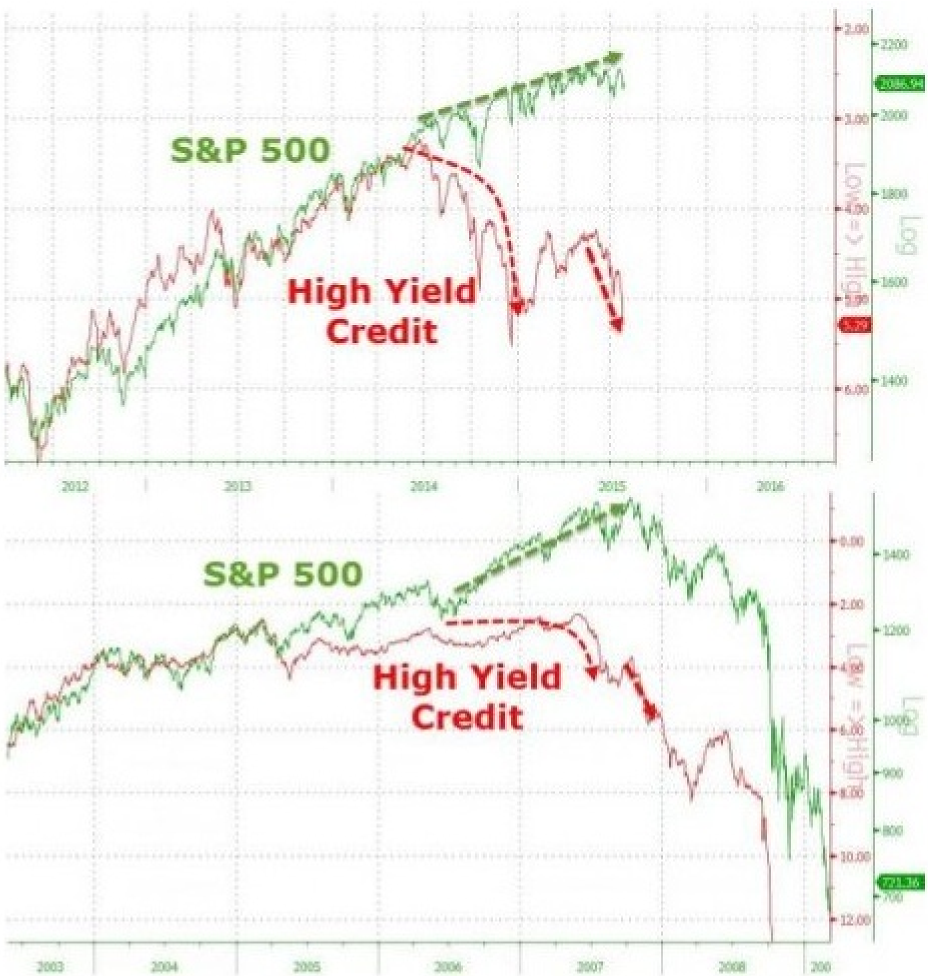
(cont.pg.62)

$9 Trillion... (cont.)

VIX Pricing in Credit Problems



Credit Always Leads Markets –" It's the Life Blood!"

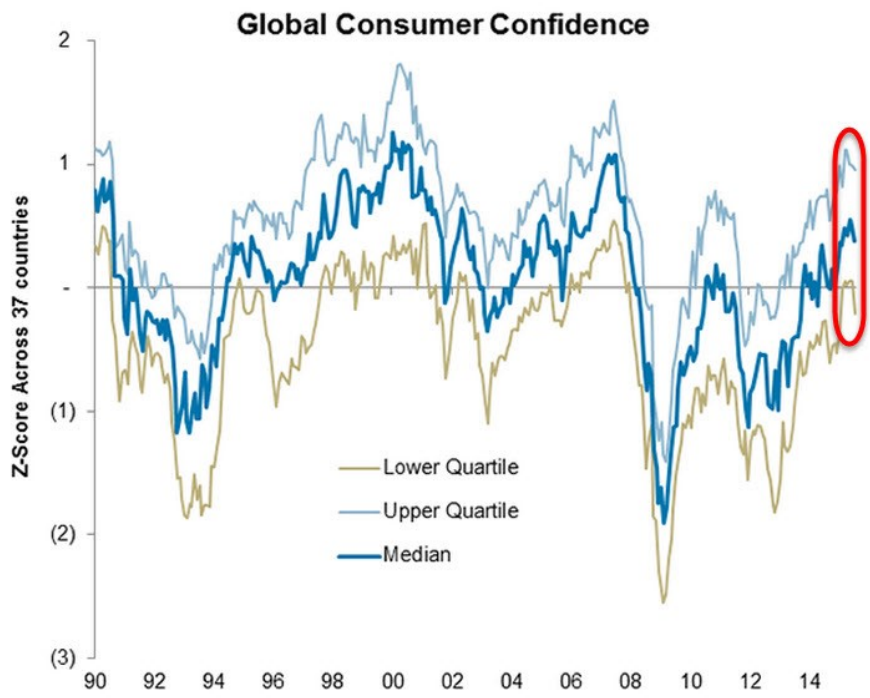


(cont.pg.63)

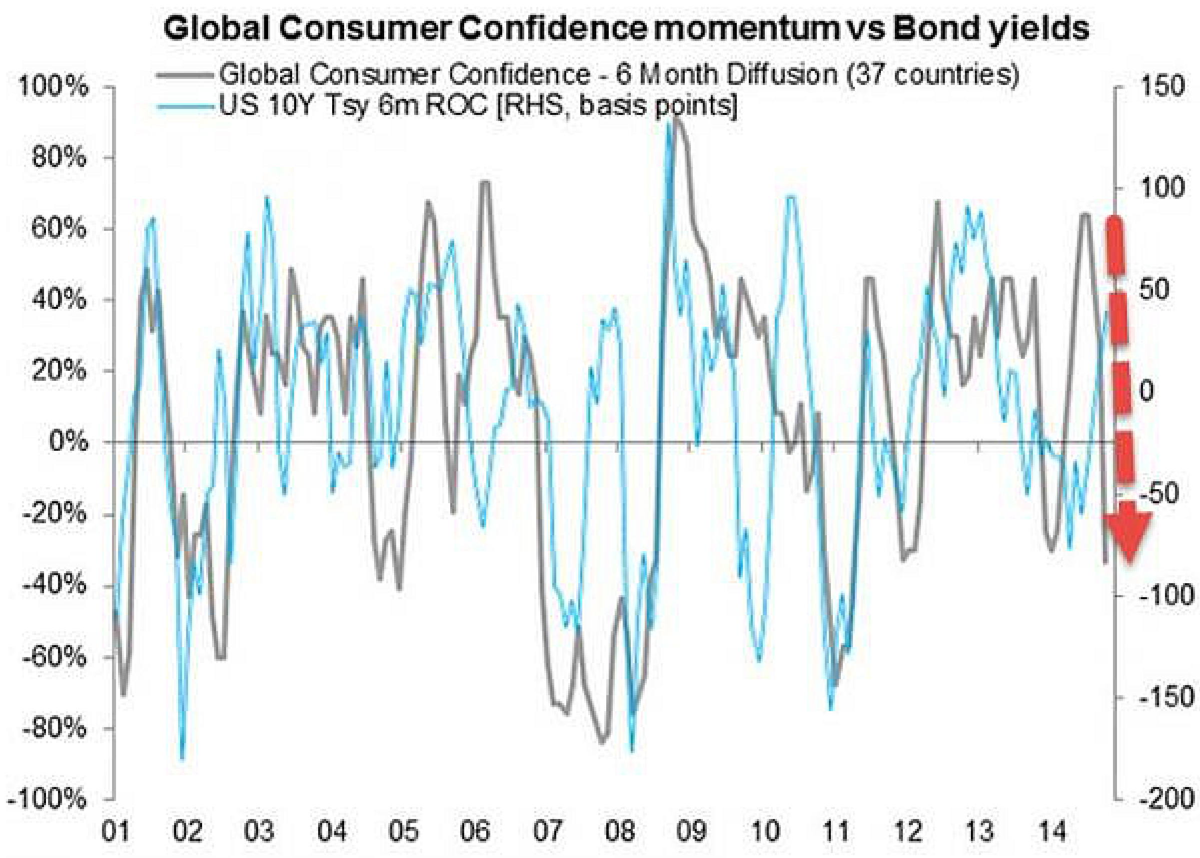
$9 Trillion... (cont.)

Shift in Sentiment – Risk-Off
One of the cycles that must be watched is the cyclical nature of sentiment and confidence. When it shift from optimism to pessimism, from greed to fear – watch out.

We have a global shift in confidence.



The shift shows itself in the willingness to accept risk. The bond and credit markets are the ones first impacted.



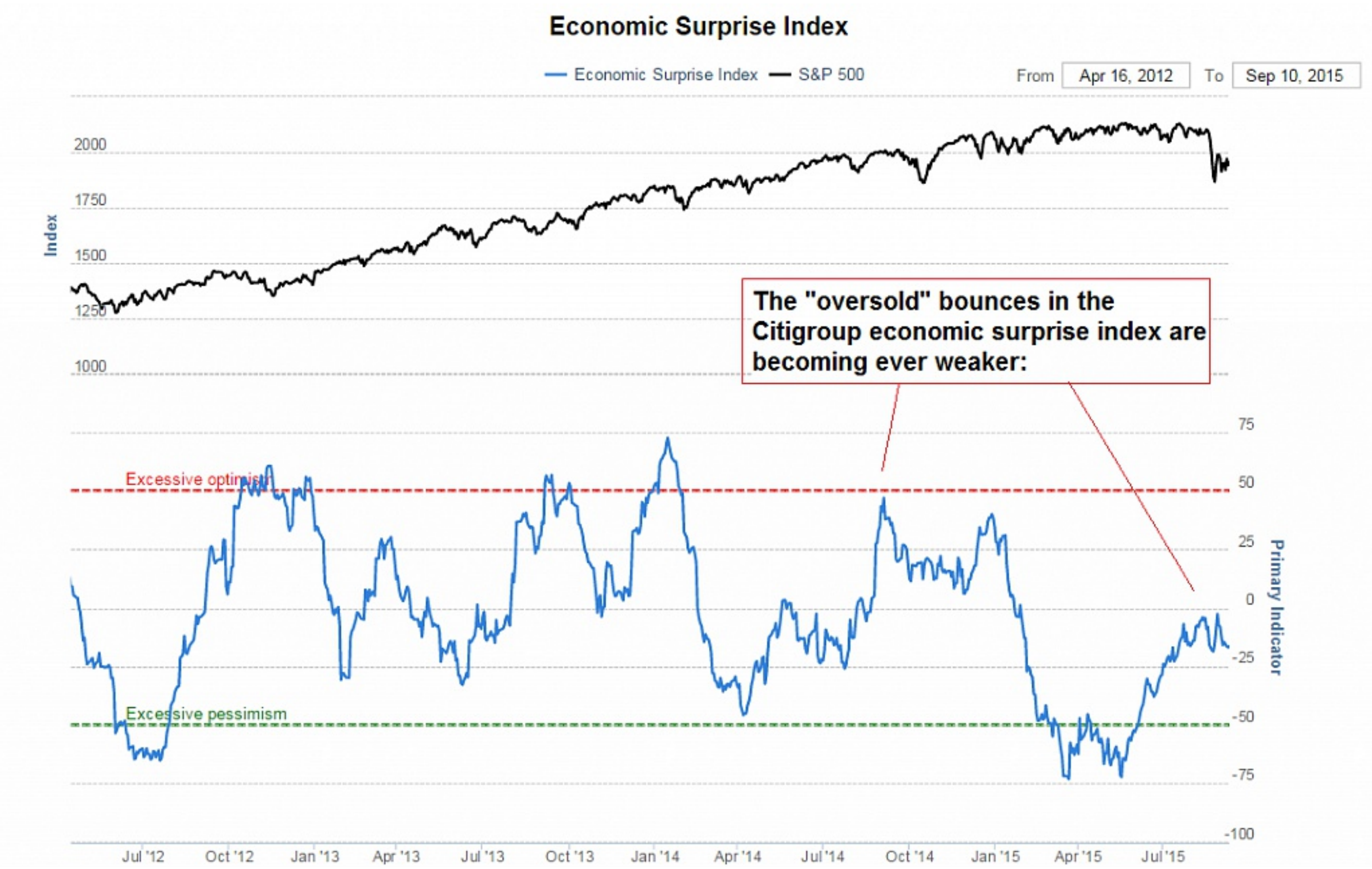
Source: AMP Capital, Thomson/Reuters Datastream

(cont.pg.64)

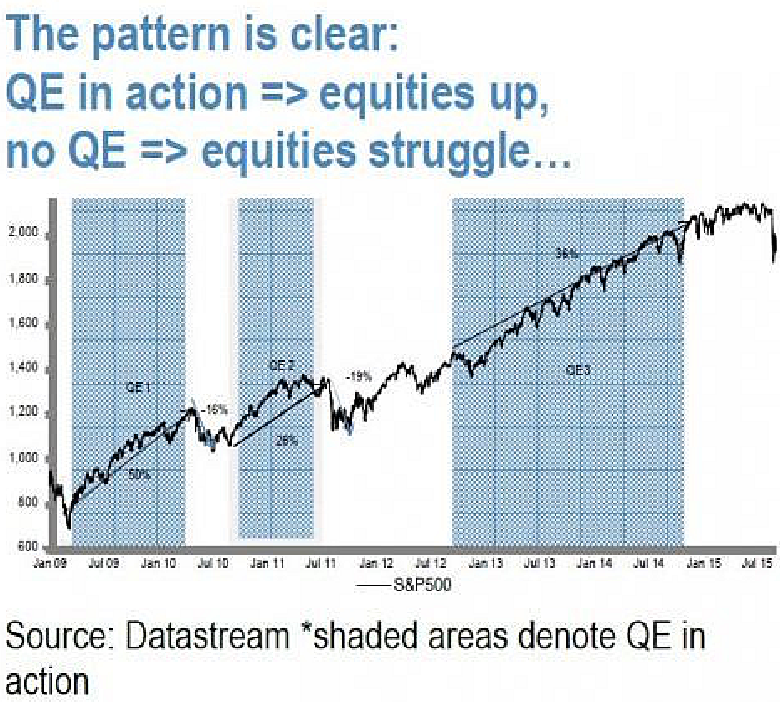
$9 Trillion... (cont.)

Economic Surprise Index – *lower highs, lower lows and a reluctant bounce*

Citigroup's Economic Surprise Index – lower highs, lower lows and a reluctant bounce that hasn't managed to push it out of negative territory thus far.



The Pattern is Clear – QE WAS Market Driver



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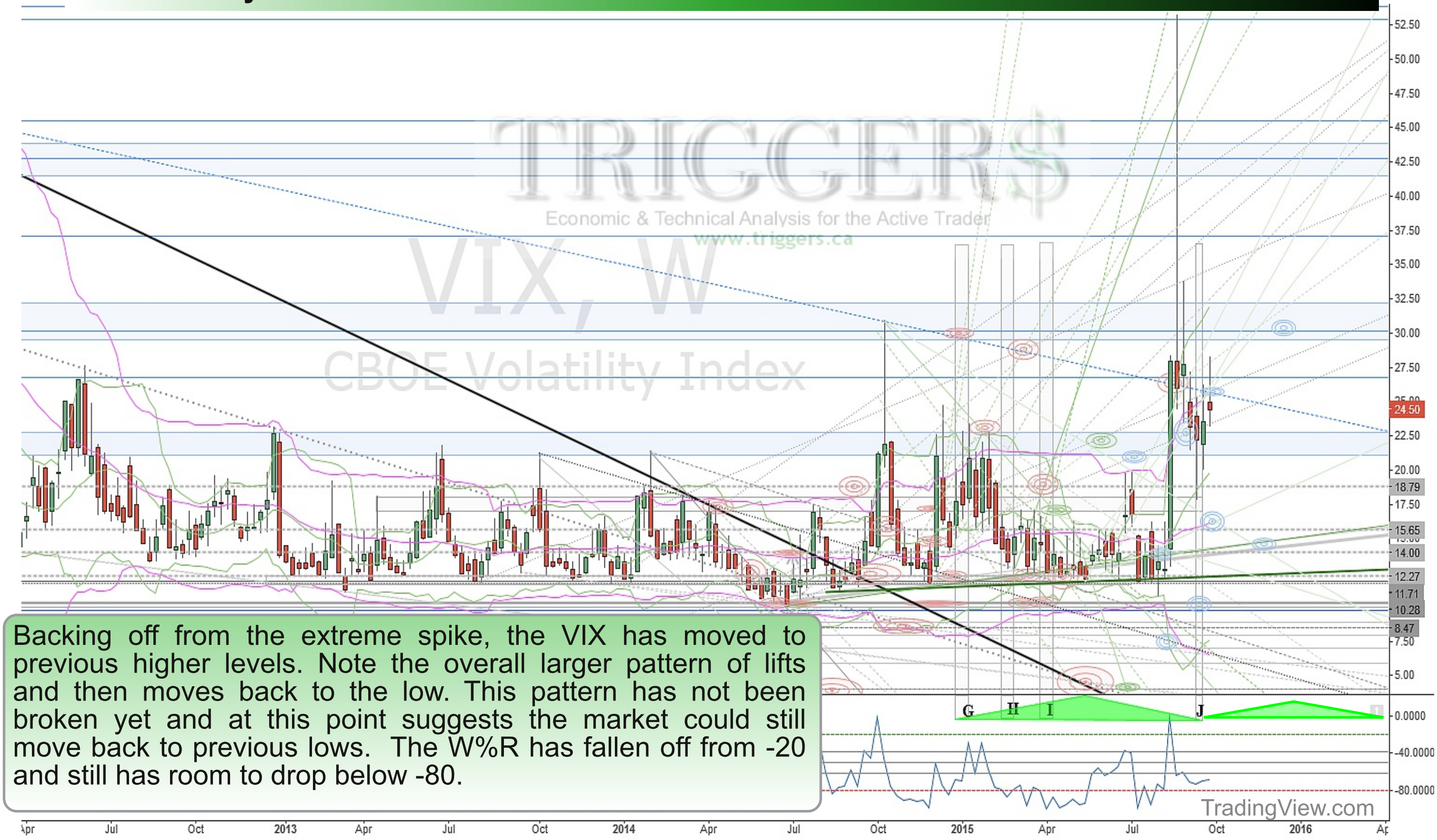
Welcome To The Newer Normal: Your Complete Guide To A World In Which The Fed Is No Longer In Control

(cont.pg.66)

VIX - Weekly & Daily

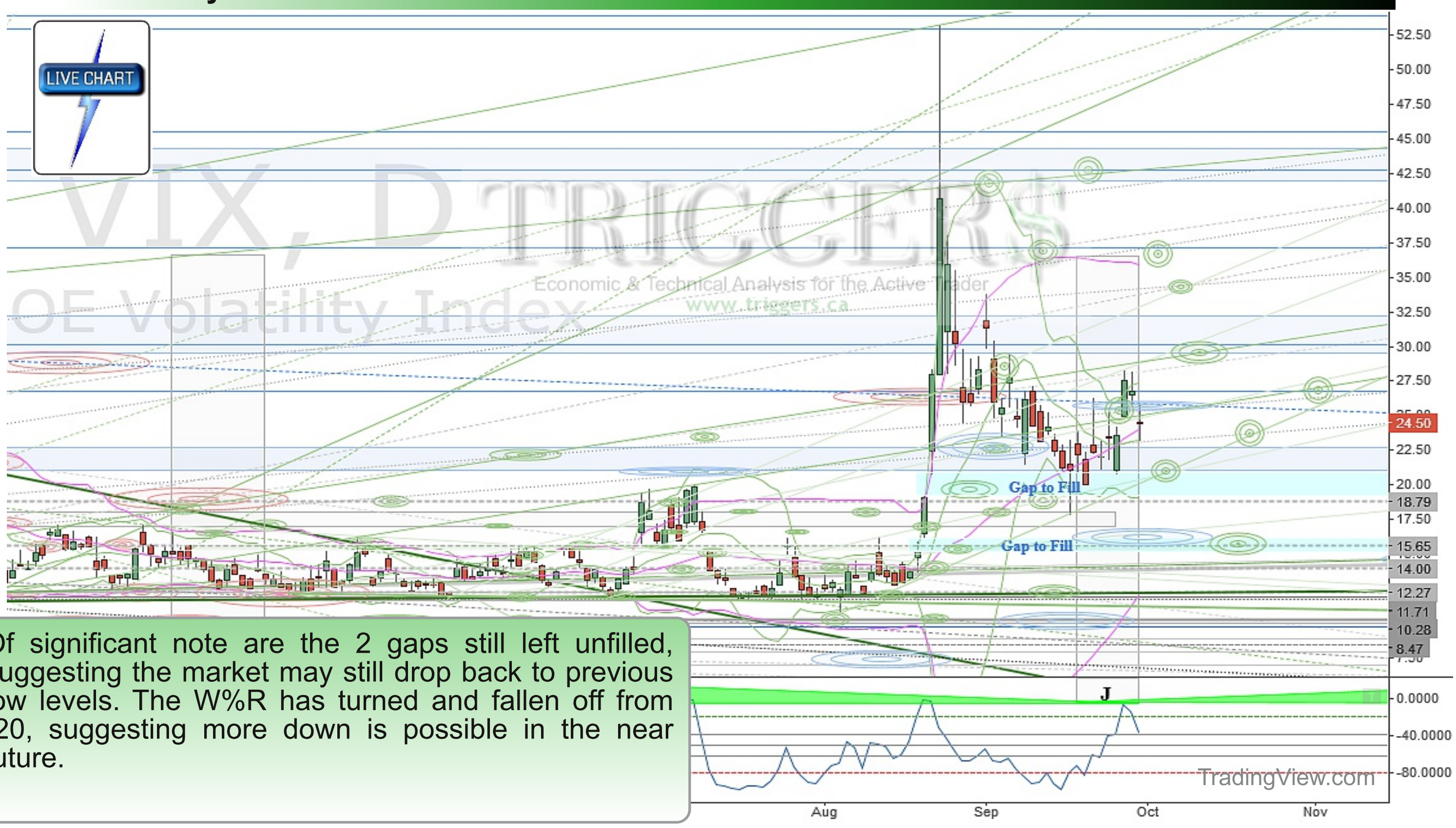
as of Wednesday September 30th, 2015

Weekly



Backing off from the extreme spike, the VIX has moved to previous higher levels. Note the overall larger pattern of lifts and then moves back to the low. This pattern has not been broken yet and at this point suggests the market could still move back to previous lows. The W%R has fallen off from -20 and still has room to drop below -80.

Daily



Of significant note are the 2 gaps still left unfilled, suggesting the market may still drop back to previous low levels. The W%R has turned and fallen off from -20, suggesting more down is possible in the near future.

ANTI MEDIA

FORGET THE NEW WORLD ORDER, HERE'S WHO REALLY RUNS THE WORLD

Jake Anderson, ANTIMEDIA

For decades, extreme ideologies on both the left and the right have clashed over the conspiratorial concept of a shadowy secret government pulling the strings on the world's heads of state and captains of industry.

The phrase New World Order is largely derided as a sophomoric conspiracy theory entertained by minds that lack the sophistication necessary to understand the nuances of geopolitics. But it turns out the core idea — one of deep and overarching collusion between Wall Street and government with a globalist agenda — is operational in what a number of insiders call the "Deep State."

In the past couple of years, the term has gained traction across a wide swath of ideologies. Former Republican congressional aide Mike Lofgren says it is the nexus of Wall Street and the national security state — a relationship where elected and unelected figures join forces to consolidate power and serve vested interests. Calling it "the big story of our time," Lofgren says the deep state represents the failure of our visible constitutional government and the cross-fertilization of corporatism with the globalist war on terror.

"It is a hybrid of national security and law enforcement agencies: the Department of Defense, the Department of State, the Department of Homeland Security, the Central Intelligence Agency and the Justice Department. I also include the Department of the Treasury because of its jurisdiction over financial flows, its enforcement of international sanctions and its organic symbiosis with Wall Street," he explained.
Even parts of the judiciary, namely the Foreign Intelligence Surveillance Court, belong to the deep state.

(cont.pg.68)

Forget the New World Order ... (cont)

How does the deep state operate?

A complex web of revolving doors between the military-industrial-complex, Wall Street, and Silicon Valley consolidates the interests of defense contractors, banksters, military campaigns, and both foreign and domestic surveillance intelligence.

According to Mike Lofgren and many other insiders, this is not a conspiracy theory. The deep state hides in plain sight and goes far beyond the military-industrial complex President Dwight D. Eisenhower warned about in his farewell speech over fifty years ago.

click image to watch on YouTube

Eisenhower warns us of the military industrial complex.

While most citizens are at least passively aware of the surveillance state and collusion between the government and the corporate heads of Wall Street, few people are aware of how much the intelligence functions of the government have been outsourced to privatized groups that are not subject to oversight or accountability. According to Lofgren, 70% of our intelligence budget goes to contractors.

Moreover, while Wall Street and the federal government suck money out of the economy, relegating tens of millions of people to food stamps and incarcerating more people than China — a totalitarian state with four times more people than us — the deep state has, since 9/11, built the equivalent of three Pentagons, a bloated state apparatus that keeps defense contractors, intelligence contractors, and privatized non-accountable citizens marching in stride.

(cont.pg.69)

Forget the New World Order ... (cont)

After years of serving in Congress, Lofgren's moment of truth regarding this matter came in 2001. He observed the government appropriating an enormous amount of money that was ostensibly meant to go to Afghanistan but instead went to the Persian Gulf region. This, he says, "disenchanted" him from the groupthink, which he says keeps all of Washington's minions in lockstep.

Groupthink — an unconscious assimilation of the views of your superiors and peers — also works to keep Silicon Valley funneling technology and information into the federal surveillance state. Lofgren believes the NSA and CIA could not do what they do without Silicon Valley. It has developed a de facto partnership with NSA surveillance activities, as facilitated by a FISA court order.

Now, Lofgren notes, these CEOs want to complain about foreign market share and the damage this collusion has wrought on both the domestic and international reputation of their brands. Under the pretense of pseudo-libertarianism, they helmed a commercial tech sector that is every bit as intrusive as the NSA. Meanwhile, rigging of the DMCA intellectual property laws — so that the government can imprison and fine citizens who jailbreak devices — behooves Wall Street. It's no surprise that the government has upheld the draconian legislation for 15 years.

It is also unsurprising that the growth of the corporatocracy aids the deep state. The revolving door between government and Wall Street money allows top firms to offer premium jobs to senior government officials and military yes-men. This, says Philip Giraldi, a former counter-terrorism specialist and military intelligence officer for the CIA, explains how the Clintons left the White House nearly broke but soon amassed $100 million. It also explains how former general and CIA Director David Petraeus, who has no experience in finance, became a partner at the KKR private equity firm, and how former Acting CIA Director Michael Morell became Senior Counselor at Beacon Global Strategies.

Wall Street is the ultimate foundation for the deep state because the incredible amount of money it generates can provide these cushy jobs to those in the government after they retire. Nepotism reigns supreme as the revolving door between Wall Street and government facilitates a great deal of our domestic strife:

"Bank bailouts, tax breaks, and resistance to legislation that would regulate Wall Street, political donors, and lobbyists. The senior government officials, ex-generals, and high level intelligence operatives who participate find themselves with multi-million dollar homes in which to spend their retirement years, cushioned by a tidy pile of investments," said Giraldi.

(cont.pg.70)

Forget the New World Order ... (cont)

How did the deep state come to be?

Some say it is the evolutionary hybrid offspring of the military-industrial complex while others say it came into being with the Federal Reserve Act, even before the First World War. At this time, Woodrow Wilson remarked,

"We have come to be one of the worst ruled, one of the most completely controlled and dominated governments in the civilized world, no longer a government by conviction and the vote of the majority, but a government by the opinion and duress of a small group of dominant men."

This quasi-secret cabal pulling the strings in Washington and much of America's foreign policy is maintained by a corporatist ideology that thrives on deregulation, outsourcing, deindustrialization, and financialization. American exceptionalism, or the great "Washington Consensus," yields perpetual war and economic imperialism abroad while consolidating the interests of the oligarchy here at home.

Mike Lofgren says this government within a government operates off tax dollars but is not constrained by the constitution, nor are its machinations derailed by political shifts in the White House. In this world — where the deep state functions with impunity — it doesn't matter who is president so long as he or she perpetuates the war on terror, which serves this interconnected web of corporate special interests and disingenuous geopolitical objectives.

"As long as appropriations bills get passed on time, promotion lists get confirmed, black (i.e., secret) budgets get rubber stamped, special tax subsidies for certain corporations are approved without controversy, as long as too many awkward questions are not asked, the gears of the hybrid state will mesh noiselessly," according to Mike Lofgren in an interview with Bill Moyers.

Interestingly, according to Philip Giraldi, the ever-militaristic Turkey has its own deep state, which uses overt criminality to keep the money flowing. By comparison, the U.S. deep state relies on a symbiotic relationship between banksters, lobbyists, and defense contractors, a mutant hybrid that also owns the Fourth Estate and Washington think tanks.

(cont.pg.72)

Forget the New World Order ... (cont)

Is there hope for the future?

Perhaps. At present, discord and unrest continues to build. Various groups, establishments, organizations, and portions of the populace from all corners of the political spectrum, including Silicon Valley, Occupy, the Tea Party, Anonymous, WikiLeaks, anarchists and libertarians from both the left and right, the Electronic Frontier Foundation, and whistleblowers like Edward Snowden and others are beginning to vigorously question and reject the labyrinth of power wielded by the deep state.

Can these groups — can we, the people — overcome the divide and conquer tactics used to quell dissent? The future of freedom may depend on it.

- end -

Contents Page

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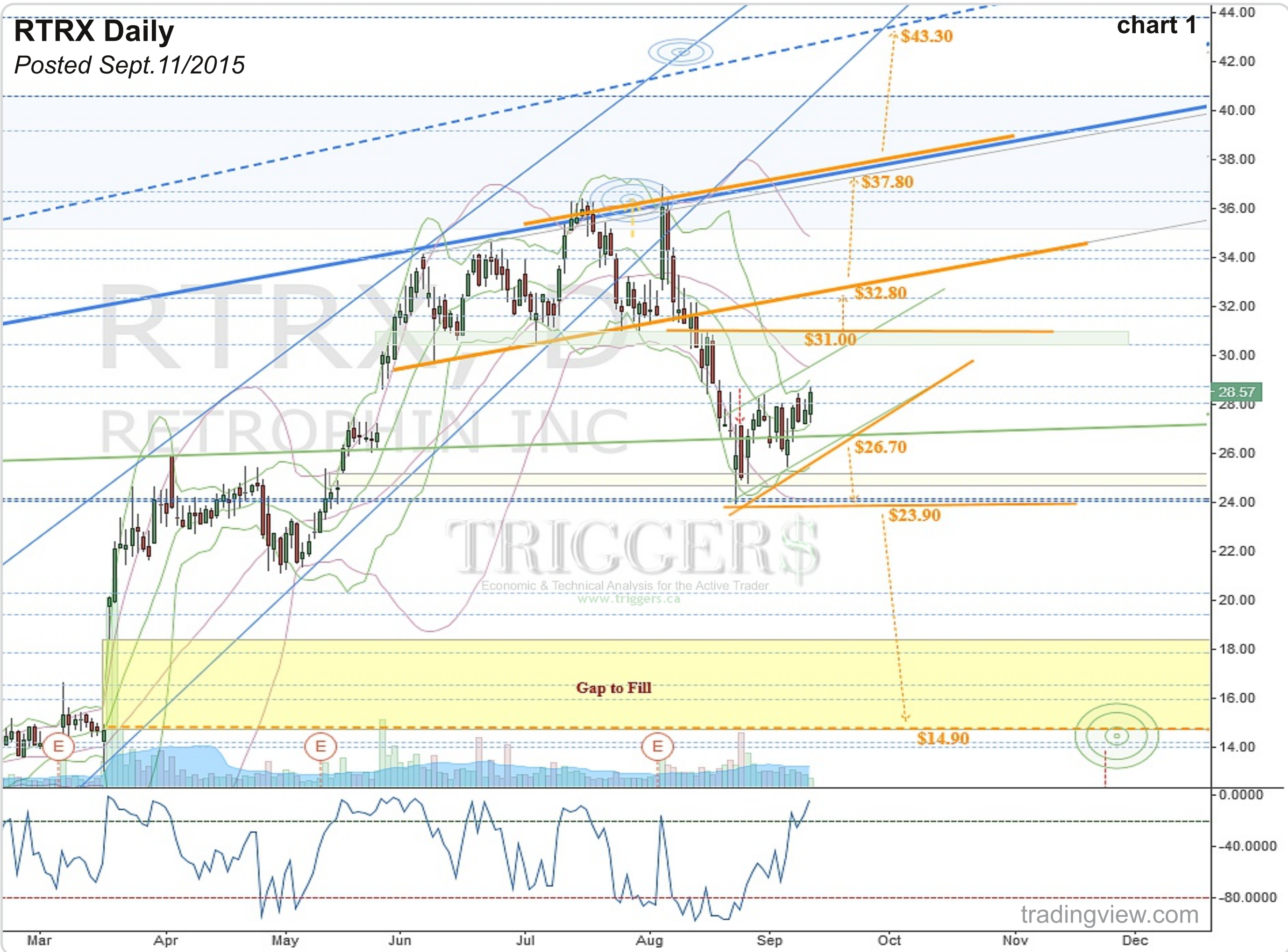
TECHNICAL TRADING:
Trading the Plan

Last month's article "*Planning the Trade*" discussed the technical set-up of the chart and using these as trigger considerations for entries, exits and stops. We noted that the proper technical set-up of the chart makes potential trade opportunities and plans obvious.

This month we will continue this concept and take a look at trading the technical plan(s) that set up.

RTRX



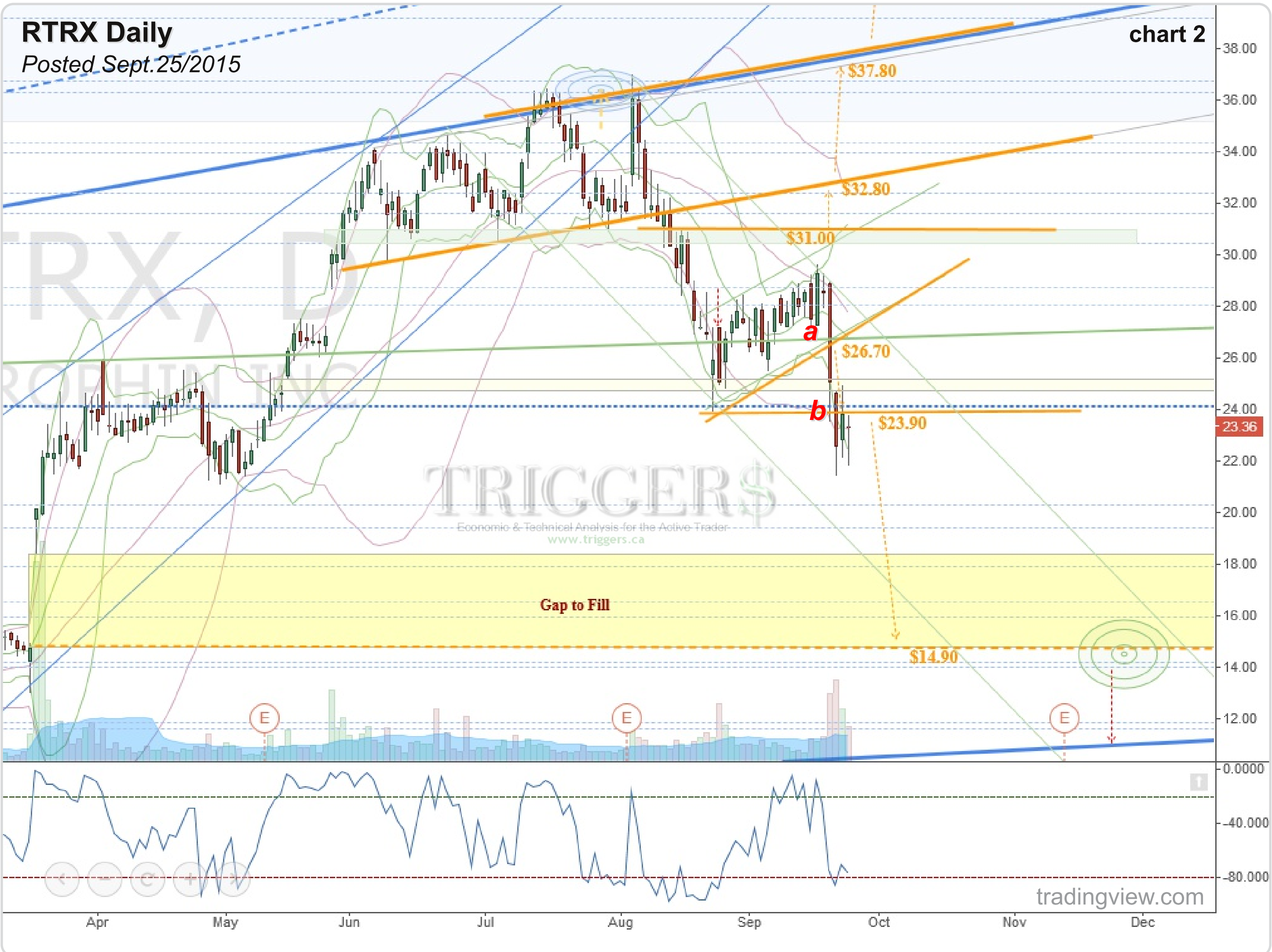
(cont.pg.74)

Technical Trading... (cont.)

Chart 1 was added to our portfolio watch list on Sept.11, 2015. Significant technicals that could be used as technical trigger considerations can be seen highlighted in orange, as well as potential moves (orange arrows). The market was in a consolidation and could be framed within a rising channel.

The channel offered trigger considerations (TC's) when broken. Note however that the top channel resistance was not highlighted in orange. Just above the channel we can see the 34ma and a significant green support / resistance (s/r) zone. Either of these could also offer resistance and stop the market. The top of the green zone was chosen instead, for a potential short move back to retest the previous channel resistance.

While we had a down bias due to the overall pattern(s) and recent drop, the W%R suggested more lift could still potentially be seen. A touch of the 34ma would be normal market movement. Regardless of how it unfolds from here, a plan or strategy is in place to follow along with the market when it breaks the current consolidation.



(cont.pg.75)

Technical Trading... (cont.)

Chart 2 shows RTRX as of Sept.25/2015. The market continued to lift, touching the 34ma, before falling off and dropping through channel support and the potential technical TC given around **$26.70** (***a***).

The market drops to target level ***b*** (***$23.90 +10.5% in 2 days***) at the next significant technical, pushing through and consolidating around the technical.

The consolidation at ***b*** gives us another opportunity; similar to the consolidation on **chart 1** and the break at ***a***, a break of the consolidation at ***b*** offers technical TC's for a move to the next s/r.

By dropping down the time frame to a 60min chart we can gain perspective of how the current consolidation is unfolding.

At the 60min level the consolidation is looking like a wedge pattern. More lift is possible to complete the current wave inside the wedge, and then we would be looking for the bottom support to break, assuming our previous bias of a larger downward trend. However, if the market "surprises" us and lifts from the current consolidation, reversing the larger trend, we will see this also. A lift through the top of the pattern, the 34ma and the technicals that can be seen in the area would offer support and TC's for a market lift. Our first target consideration in that scenario would be to retest the previous support the market has recently broken down from.

(cont.pg.76)

Technical Trading... (cont.)

Again our plan is set up to accommodate more than one potential outcome. As well as just up or down on a break of the wedge pattern, we are also aware of more potential bounces inside the wedge before it is broken out of.

These can all be seen to be laid out, well ahead of the market, waiting for the market and the technicals to show us what to do (i.e. market breaking through TC's).

Charts 4 & 5 show us what occurred and are current as of Sept.29/2015. **Chart 4** is the daily view, **chart 5** the 60min.

The break of the market at ***c***, either the wedge pattern or the grey s/r zone, offered TC's for the next technical levels seen at ***d***: multiple Fib levels, channel support, a previous low / top of the Gap to Fill.

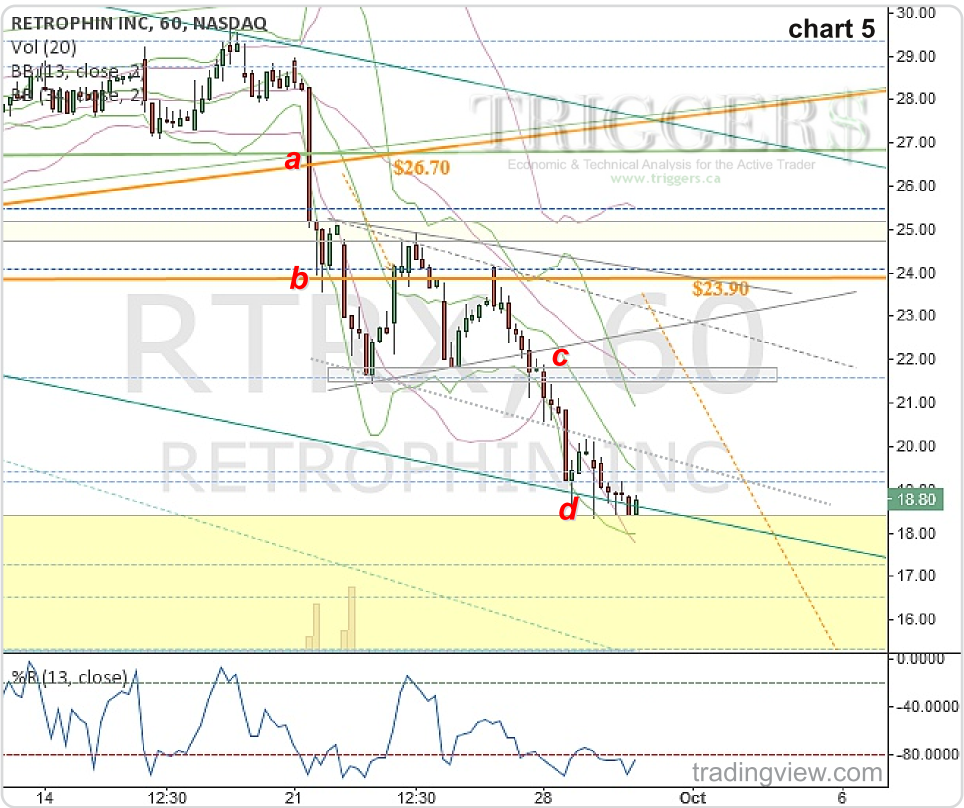
The move from ***c*** ($22.00) to ***d*** ($18.50) **captured $3.50 for a 15.9% gain over 2 days**.

Altogether the move from ***a*** ($26.70) to ***d*** ($18.50) took out **$8.20 over 8 days for a 30.7% gain**.

What To Expect Next

Note that the market is once again consolidating, now at ***d***.

As we have done so far, we could again frame the current consolidation, dentify the significant technicals, and follow along when they break. Filling a gap is common market dynamics and this would be the next move down to watch out for: it could add another $3.60 to the gains.



(cont.pg.77)

Technical Trading... (cont.)

As there is also potential to see a pullback here, following along with the technicals can help make sure we are on the right side.

Limits & Stops

One important concept is missing in this discussion so far: setting stops and limits within your plan. These should also be placed at significant technicals, similar to the trigger considerations and targets.

In the first move through the channel (**charts1 & 2**) at a, the opposite trigger consideration that was being watched for a lift would be the ideal location for a stop.

The second move broke out of a wedge pattern, dropping through the support. The opposite side of the pattern, the wedge resistance, and what we were watching for a long trigger entry consideration would be the ideal stop.

While these are wide, they allow the market to play out and retest significant technicals, reducing your stop-outs. They are also logical places where we can say the market is now doing the opposite of what we were hoping for. I.e. instead of breaking down through a pattern, it is now breaking up.

The keys to this strategy are the significant technicals, position size and maintaining your risk or loss %.

Conclusion

With the proper technical set-up of your chart potential market moves can easily be seen.

The technicals offer trigger considerations as well as a “road map” from which you can establish your trading plan.

Expect consolidations at significant technical levels and incorporate them in your plan.

Use several different time frames. When the market reaches a significant technical it can be helpful to move to a lower time frame to identify the pattern and what is going on around / at the technical. Smaller time frames can help identify consolidations and offer more technical trigger considerations for entries, exits and stops.

As demonstrated, your plan can be established well ahead of the market and should take in to account several possibilities. As the market develops you then follow the plan as well as modify it if any new developments occur (significant technicals).

Thank-you
& Good Trading
Andrew J.D. Long, *MFTA*

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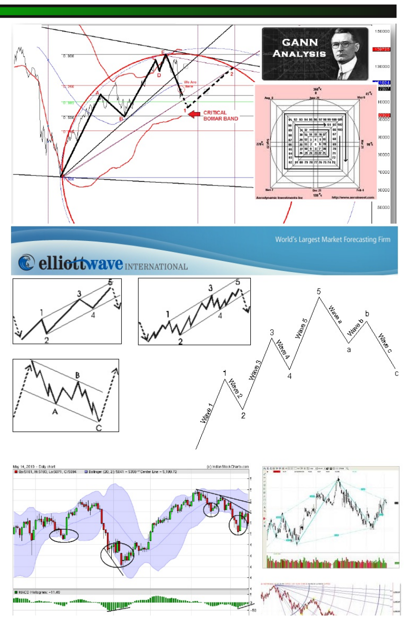

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Contents Page

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Take Care
& Good Trading
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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 20 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.