

2007 Extremes:

Dow, Nikkei, Gold, Silver, Yen, Dollar



July 07, 2007

DOLLAR:

The following long term Yen chart reflects a dragged-out and completing wave-C, which is also bumping up into long-term right shoulder resistance. From last month:

“The following 7-year weekly Yen chart reflects a flat top pennant formation that is evident, despite not having drawn in the lines that illustrate so. This implies a real risk of a reversal that is sharp. Yes, I have written this before, but that is exactly where the risk lies. The carry trade can start to unwind at any time and everyone will not make it through the door at the same time. That is a global theme presently for more than one market, it seems.”



The above chart is Yen-bearish when it is going up, as the Dollar is going up versus the Yen.

The following charts of the Swiss Franc, however, reflect the opposite meaning. Here, moving up does correspond to an advancing currency. The manifest power of the Franc clearly shows the wisdom of maintaining an asset allocation that has focused on two fiat currencies and one real one, where the latter (gold) is most represented by the Swiss Franc, among the government paper out there (see STRATEGY on page 15).

The second chart on page 14 is the 1-year daily Swissy and, there, we can see just how smooth the sailing has been. To see the Japanese Yen so weak at the same time reflects just how bizarre and multi-personality-prone the financial markets have become. This is how keenly ready you have to be for *the unimagined extremes* that await us.

Please scroll down.



Good fortune to all,

Sid Klein

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