

JAPAN WILL LEAD! **(The People Who Never Fail)**



March 13, 2011

Part 1

In the past, I have cited a book which title presently escapes me, but the principal upshot of which was that, apart from war, the Japanese people have ALWAYS succeeded in any long term plan that they designed.

This time will have been no different!!!

The acquaintances I have made over the years, some of whom I am still in contact, are not the motivation for these words. Nor does the motivation stem from my memories of the kindness and gentleness and honourability of the ordinary folk whom I encountered on the occasions I traveled there.

Rather, I do so simply because it is a view that is 100% CONSISTENT with the market reports which I have been writing since AUGUST. It's business, I guess.

Having said that, allow me to dispense with the investment stuff.

I have written that the Yen will be monetized ([Yen Monetization: The Fair Fight?](#)), as deficits would not be allowed to drive Japan into bankruptcy, especially after witnessing American printing presses rolling at full steam for so long.

I argued (see preceding link) that the Japanese people will not work and toil, only to be paid paper (even if the rest of us are either too weak, corruption-led, or stupid to disallow it).

The Japanese are far more intelligent and competent than Jack in the Beanstalk.

When trends unfold as forecast, the fundamentals that manifest include the unforeseeable. Thereafter, the analysis is considered a fluke because, "there is no way that one could have known that THAT was going to happen!"

Indeed, I imagined no such horror as *this*.

This overwhelming tragedy will have been the unforeseeable wildcard that would trigger the crash to Dow 4000, as charts of virtually ALL global indices have already formed Crash-consistent formations, and with exactitude as to timing and prices that, in the grand scheme, will have been quite sufficient, albeit ex-precision.

The February 6, 2011 report was entitled, "[Inevitability! Gold \\$3,500 & Dow 4000](#)" for precisely this reason. The two links above go a long way to supporting those prescient arguments, but today will not have been about "I told you so."

In any event, the report of exactly one week ago was entitled, "**First Crack in the Wall.**" The global indices clearly reflect that, as I wrote last week, though the Dow charts did not do so in a blatant fashion. This index has been the strongest market...to-date. Why?

Because it is underwritten by the Dollar-printing Fed, which governs our world's reserve currency.

Now, apart from monetization to avoid undeserved bankruptcy, our Japanese friends must 'ask others for their money back' to rebuild Japan.

I also forecast that the strongest group into which to invest would be the Japanese domestic stocks, precisely so as to bolster the economy with the newly printed paper.

Now, Nature's Force has made this a matter of course. The Japanese are not Iraqi, and will therefore not ask permission to rebuild their homeland themselves.

The "price" foreigners have to share with the Japanese people, in the latter's devastation will be imploding stock markets/economies, due to the sales of Japanese investments. This is one time when no one in the world will blame these people. From the US to China, the pain will be deep, though it will not bring out the honourability of men and women as Nature did and does in Japan.

Not joined this time by longer term graphs, the following **2-month daily Dow chart** does not reflect the completion of its "1931 rally." Four-year charts illustrate the completions of "1931 rallies", which we have seen EVERYWHERE in the world....except Japan.



The upshot investment-wise is precisely as forecast in the letters to-date (including the links above): Japanese stocks up **versus** global equities, Yen down, 10-year JGB's down. {This is not the occasion to discuss the scenario in which the Nikkei could enjoy positive and strong **absolute** returns (to 17,000?).}

The focus must be domestic equities, if only to avoid multi-nationals and banks (multi-national or not). So, when appropriate, we will perhaps look at the other indices.

"Repatriation" was the buzzword Friday, to explain the **Yen's rise** in response to the Tsunami From Hell. However, this rally has hardly much upside from here, as the Yen will collapse with **monetization**; let us not get confused with the effects of the **repatriation** of wealth which results from the sales of assets abroad.

There exists TWO overlapping problems (Tsunami's effects), with the present one masking the pre-existent financial calamity a-brewing (deficits, etc.).

I have worked carefully to this point to sidestep any dark and distasteful puns, but I have no such escape here:

There are meltdowns unfolding, and they are examples of what causes CHAOS and "The madness of crowds" (as we in the business call it). I will seemingly digress here, as I turn my attention Westward.

Chaos is the result of The Crowd fearing or believing that the government has lost the capacity to maintain **ORDER**. The Japanese have conducted themselves in a manner that has **not at all exacerbated** truly massive destruction, while the opposite would have been and will be the case "elsewhere."

Chaos and madness are still proportionately linked to the perceived loss of control of basic human **laws**. Nuclear laws, in a manner of speaking are being broken. However, the result of superior early family life is exhibiting itself now in Japan.

As opposed to nuclear meltdowns caused by Nature, the rule regarding financial chaos is the same. So, I now take you back to 1987. The Crash {bid and ask prices not match, as the system "broke" (!)} was, as much as anything, a loss in the belief that the government still maintained control.

The root of the psychology is in the reaction of a child when he or she believes that the parents are no longer in control. For this reason, children are "happier" with parents who are less fair but more demanding of **order**, as opposed to those who are philosophically truer (**law**), but less orderly (i.e. - hippie parents).

Of course, the best are parents who are just (**law**), wise, and un-hypocritically demanding of **order**.

From this, we can understand Machiavelli's correct observation that it is better for the leader to be strong and despised than weak and loved, while strong and loved is the best (for he is "The Prince"). (Politically, we have seen this over and over everywhere.)

Financial order's loss is when the public ("The Crowd") senses chaos. We are getting there, resulting from factors that analysts like me have been discussing forever, however ignored these arguments have been.

So, dear readers, I have used a **2-month graph of the Dow** (BigCharts) on page 3 and, for the same reason, a **10-day** version appears at the top of page here:



These charts share the look of looming desperation and fear, such as we saw in 1987, with Friday's close resembling that of the corresponding Friday in 1987. (I remember 1987's short term and near term charts VIVIDLY.)

Therefore, the next 2 days should be utterly calamitous, heading toward 10,200 (as a first real stop), en route to the aforementioned level of Dow 4000.

(I actually believe that **Dow 1400** would be more truthful on my part, but I add to that figure substantially, so as to *appear realistic*, and thereby maintain a greater sense of believability for those less familiar with my multi-decade track record.)

So, Japan's savings will have dug them out from under (no need to avoid a pun when it's positive), with falling bond prices (higher 10-year yields), while the Japanese "inform" the Americans that what's good for the goose is good for the gander, as the Japanese now "print money" ad-infinity.

The new-found moral righteousness with which the Japanese may take this road (that would have been traveled anyway), will hurt the Yen and bonds, but guarantee dramatic global equity outperformance for years to come.

If absolute performance will not be positive, then that will have only been due to global markets spiraling out of control into the first quarter of 2013, the latter aided and abetted by *The Great Japanese Recall*.

Geological and financial experts alike suffer witnessing a similar ignorance being reflected back to them: People, when ignoring something, actually feel that they would be able to handle "it" when "it" comes, never understanding that comprehending something mentally with the distance of time, is not the same as living through it!

And, so, the Dow will be crushed with the global economy...and Vancouver will disappear, as we were told some time ago, with the 100% guaranteed forecast that this will occur at ANY time over the pursuant 200 years (from the time of the warning).

Part 2

Truthfully, are we ever ready, then? Can we be? Why is it that we would prefer to not know when we will physically die, if someone could inform us with certainty, and we knew that he possessed the capacity to be certain?

The Mayans have popularized December 2012, along with the reasons...which are being borne out!

Scriptures inform us that the world (not planet) has died before. Over the past 2 days, I heard a Japanese woman say that the world was ending. Not only a distressed Japanese person, she was an intuitive lady, and this was plain to me.

The Mayan scientists and seers knew of the earth's "tilting" and shifting of the positioning of countries. Friends, we have been informed that the axis of our planet has shifted, and that Japan has moved a few feet toward California.

This is not to say that life on the planet will again be annihilated; no. Ours and all species will suffer deeply, however.

Throughout my career, I have noted events that were ignored because the magnitude or time-duration was such that investors could keep their heads in the sand and see only what they wanted to.

Analysts everywhere know what that looks and feels like. Decadence or "hope-mode", as the case may be, is not lost on us.

I have not written this page to be an attention grabbing doomsayer. I have written all of this due to what I know will happen. Specifically, humans with

heart organs, including my readership, could feel deeply saddened when they read the news or turn on the TV. And my reports include those matters covered by the media. So, I would not want my letters to be experienced as a source of negativity, nor will I wish to be perceived as heartless as I only cover the mandate of SKGS (as much as possible).

Please bear this in mind:

Whenever it was that the planet's life was annihilated, or when your child was born, or when your spouse died, or when genocide infected the planet, or when a people were liberated - all these times and days had one thing in common: The sun rose and the set.

Lift the head up from the paper, step away from the TV, and look up at the sky. Nothing can remove your freedom to do so. Nothing.

Regarding the world at large, decadence and "Reaganesque" frivolity will not have been lost on that Consciousness that allows Nature to provide the wake-up call.

If I may, in describing what will have been our history, paraphrasing from, and borrowing from the style of Camus's "The Plague" (book's end):

False joy we knew, and that decadence was shaken when, for the bane and enlightenment of men, She cast forth her ungodly calamities upon us, to die, once again, on a "happy" planet.

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