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Perfection:

Peak, Low, Crosses

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GLOBAL UPDATE: Context

In January 2000, I identified the peak of the Dow Jones within a day. My forecast was for a 50% decline; that was realized by the S&P.

Then, in October 2002, the bottom was identified within 2 days. At the same time, I forecast a rally to 10,400, having believed that the secular bear market would resume there. However, in retrospect, as I would discover, the decline to 7200 had been the final decline in the secular bull market, as opposed to the initial decline in the new secular bear market.

Therefore, a rally was underway that would only conclude at 14,000. When the Dow crossed 11,200, I knew that something was wrong and I probed the all-time peak at each point that I felt marked an intermediate term top was being made. (Richard Russell has commented that, often, the only way to nail a long term peak is to probe the intermediate term ones, and this is only logical.)

Finally, at the end of 2007, I repeatedly wrote that the Dow was peaking for yearend and that it would collapse to "under 9000." I wanted to be safe in my choice of words.

At the time, "under 9000" was considered a big deal and I wished to not appear sensationalistic, to help ensure that investors would govern themselves accordingly.

Just as SKGS had done at the peaks, these letters published identifications of perfect lows in cross-charts (international hedge plays) at the lows, six months ago!

Having explained that cross relationships are lead indicators for the individual markets themselves, I identified the lows in gold and silver and, subsequently, in China and Japan, before also identifying the low in the Dow.

Gold and silver were the easiest to identify due to the correct interpretation that the precious metals were suffering major cyclical corrections of the entire advance from 2002, and that they had merely declined as a result of the liquidation of financial assets. This was irrational, I argued, and was creating a "gimme", or, "lay-up" for precious metal investors.

The correct interpretation of the metals was made easy by analyzing silver, as opposed to gold, where the decline was relatively shallow, and therefore masking the correct technical (cyclical) interpretation of the precious metals.

In the final analysis, and consistent with ALL forecasts in these SKGS pages, the contemplated hedge bets (cross-charts) all bottomed as forecast, as did the individual markets referenced above.

The bowling formations and up-trends are in place in all markets everywhere.

Even if that were somehow not the case, it would mean nothing strategically for hedge players, which is all that I recommend anyone be for and through this countercyclical bull advance.

The Dollar's secular bear market has also followed within SKGS's paradigm of economic Long Wave and stock market interpretations, perfectly.

January 15, 2009:
"Call it bear-concluding movements or fake-outs or whatever you like, but I seem to have been well-reasoned in postulating that the world's greatest insider traders would milk this bailout thing for all that they could, just as they always do with major news that "they" get to write."

Sid Klein

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