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(Position Yourself)
Right Now!

July 31, 2013

Three reports in July (before this) reflected the need to keep up with turning points and accelerating events, particularly in the precious metals.

The promise of more frequent reporting is maintained, in lieu of lengthier monthly reporting, as tends to be the case during a preparatory period.

No more. The time of action is now. Right now. Position yourself!

DOW JONES

July 7, 2013

"Firstly, when markets correct to where they would naturally be if not manipulated, and based on untainted longer term factors, they do so VERY quickly.

"Secondly, when those moves finally occur, the volatility premiums shut the doors of opportunity firmly behind them.

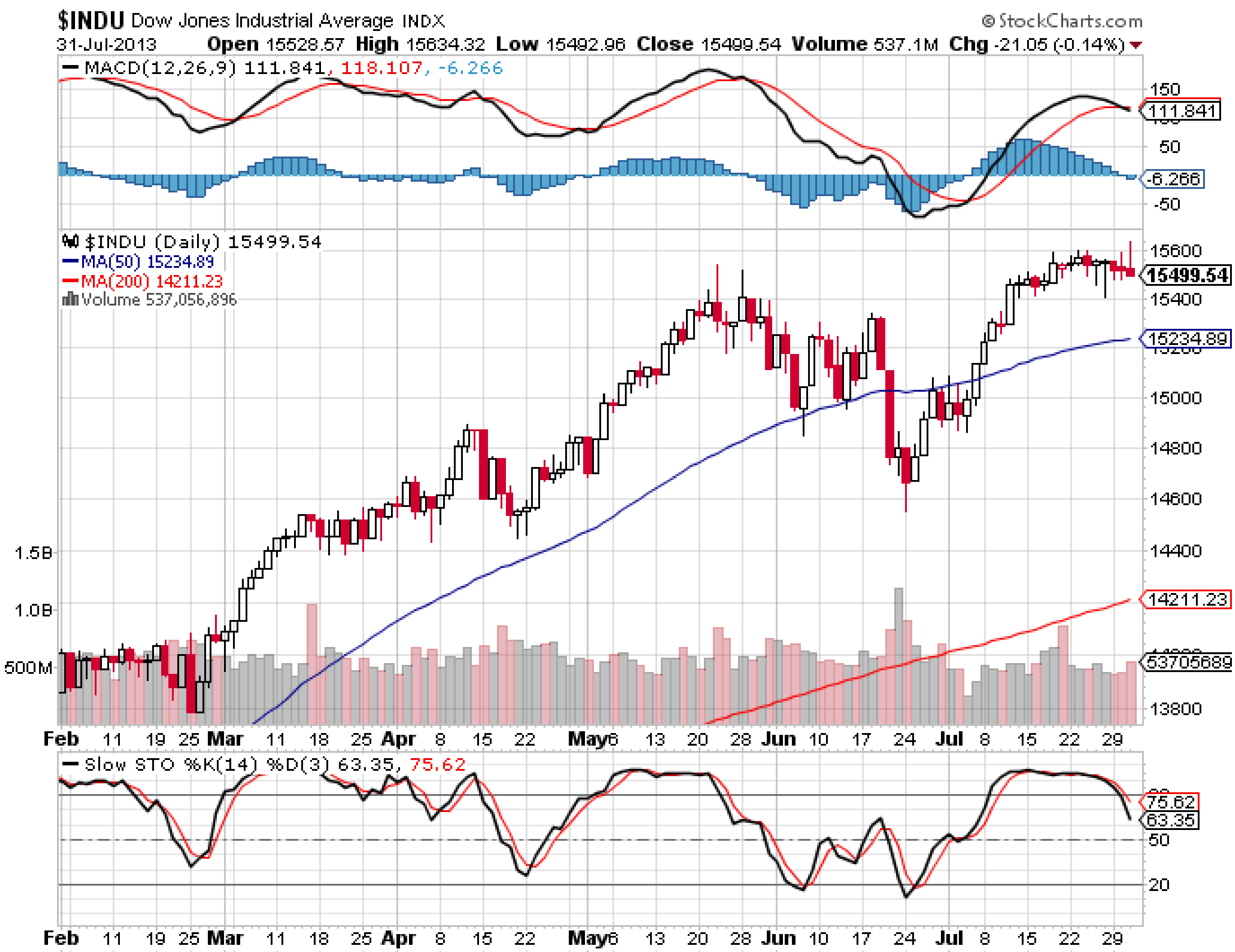
"This will occur in the precious metals, just as it already has in the **TLT** (long term rates), where SKGS identified the ideal peak, and the **Yen,** where these reports also identified the perfect top (intermediate term, the **Chinese** market has now behaved in similar fashion).

"With respect to BOTH the **Yen** and **TLT,** I advised the use of long term option strategies, as I do again, now with respect to **silver** (see below)."

6-Month Dow chart:

The MACD (moving-average convergence-divergence) is, I suspect, the most popular of indicators among technicians.

THIS TIME, the MACD has already triggered a sell signal! Commentary continues after excerpts on next page...



Please pay special heed to the **July 7 excerpts immediately below.** Their precision relates to the perfect turn that I am attempting to identify at this time.

"The MACD (above the price chart on P.1) has now crossed to create a buy signal, following what can be interpreted as an a-b-c corrective phase during May and June.

"However, the slow stochastic (beneath the same price chart) and the fast stochastic (not shown) suggest to me that the Dow may do little more than approximate a double-top. This would also be consistent with what I see occurring in foreign markets .

"The ever-waning technicals are consistent with the fundamentals that continue to deteriorate, as they have throughout the year."

"As I discuss in the PM section below, though, there will NEVER be an end to the "printing", since the aim is to monetize debt and thereby transfer wealth internationally to those who can play the game, from those who cannot."

...Moreover, the stochastic has confirmed the sell signal and, all this, after the Dow indeed did "... little more than approximate a double-top."

6-Month VIX chart (below)

Here too the MACD appears above the price chart, while the slow stochastic is shown beneath the price graph.

The VIX moves asymmetrically to stocks, so the fact that the VIX bottomed back in March augers poorly for the decaying equity market.

Mirroring the Dow conclusions above, note that the MACD indicator has already triggered a buy signal.

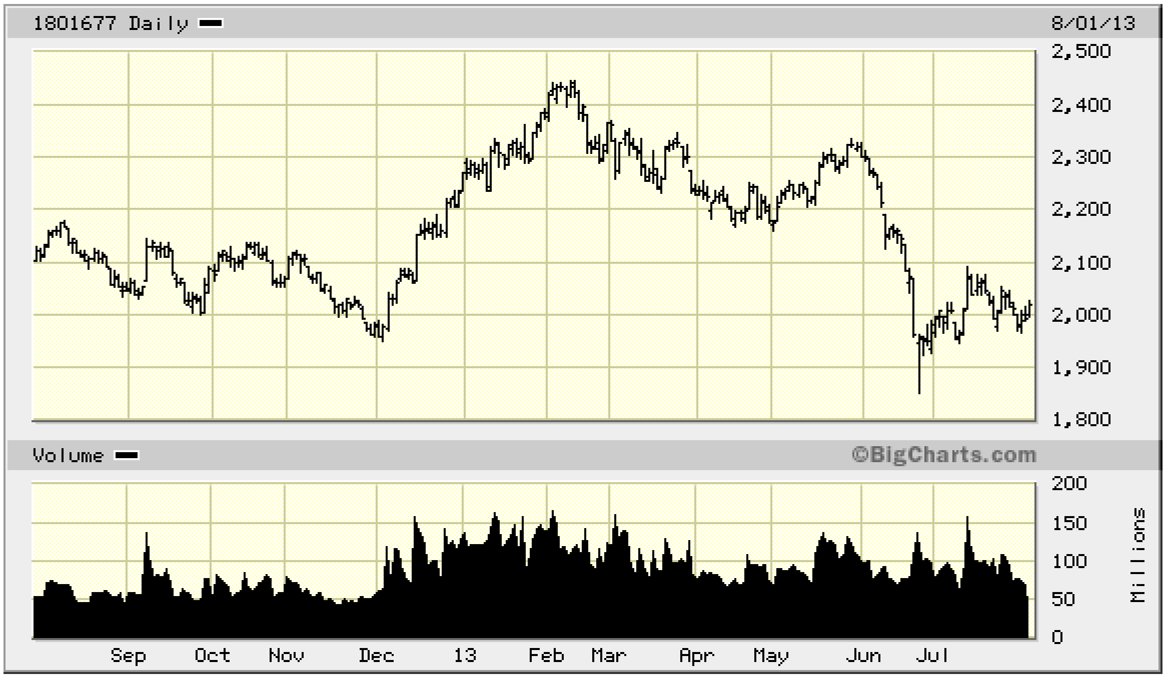
Please scroll to page 4.

New York conclusion

As I have written with respect to virtually all markets and asset classes, the last two quarters of this year will have borne no resemblance to the first six months.

NIKKEI/SHANGHAI

1-Year Shanghai Composite and Nikkei charts, respectively, follow on page 5:



July 7, 2013

"By breaking above long term resistance at 14,000, and approaching the critical long term resistance at 17,000 (by hitting what I call "an in-between zone", where everyone is stopped or waiting for what doesn't come), the Nikkei has achieved all that one should expect, and one may again defer to the long term global equity bearishness to which I have always alluded.

"Meanwhile, as per the introductory portion of this report, the Shanghai Composite has shown what ALL markets are capable of in this insane investment world, where lightening strikes only after volatility and investor nerves have capitulated.

"Whether up or down, this is true of the Euro, Yen, Shanghai Composite, TLT, Nikkei...or the precious metals and New York.

"No continent merits equity investment. Keep it simple."

Keep it simple, indeed. Nothing new!

GOLD, SILVER

When the manipulated paper collapse began, I expressed the idea that the Chinese may themselves be behind it. I dropped the idea of such a conspiracy since I didn't know where to take such intuitive mistrust in the logical realm.

Now that everyone has agreed that the bullion banks and the Western governments were/are behind the paper crash, I would like to offer an alternate picture that I consider possible, even as I support the popular scenarios in the arguments hereunder...particularly since the two scenarios are not necessarily mutually exclusive.

Imagine that the Chinese crashed the ETFs and futures in order to collapse the prices of physical gold and silver, which they in turn bought in the East...where they were even prepared to buy at premiums that resulted in purchase prices that were still below the prices at which they shorted the paper gold.

Either way, the endgame was/is to acquire the gold, even more than negotiate the best net prices for the achievement of same.

After all, the declines continued during Asian hours as Westerners panicked or, and more likely, the same **Chinese(?)** manipulators collapsed prices in illiquid markets, thereby setting prices with little shorting, relative to the physical buying in which they were themselves engaging.

The link above explains what will squeeze the bullion banks, no doubt, but what if the Chinese have willingly placed themselves right into that squeeze?

The paper dump caused the gold to be unloaded to the Chinese, and the hoarding by the latter means that there is no buying demand for paper gold (ETFs), which the bullion banks could otherwise short in lieu of their positions. Fine.

Again, I am hypothesizing or wondering whether the Chinese have willingly placed themselves into that very *squeezable* position.

The preceding is not merely about me enjoying the role of Columbo. Rather, I strongly wish to underscore how easily the Chinese have (under such a hypothetical scenario) placed themselves in the position of igniting a multi-hundred dollar gold short squeeze.

Through sheer demand, they are potentially in that position anyway, but, in this scenario, they would be acting like someone who is in a position to start a fire in a night club by being in the club himself, except that he has the least to lose while the vast majority are trapped folks who are at the back of the club, and who are at his (the Chinese) *not-timeliness-friendly* mercy.

Simply, the Chinese, in this scenario, control the timing of such a fire because they have placed themselves in the night club, and would light the match when the effect would be maximal, like the gold shorting at midnight EST during the April crash!

The shortage of gold is a joke, but the pricing of silver is the most psychologically deranged of most anything that I have ever seen.

In ignoring the facts about what will cause (has caused?) the great gold shortage, there is utter denial regarding the silver pricing model.

Simply, silver is as safe an investment is as it is leveraged!!!

The market is in denial due to near-sightedness that wishes to restrain precious metals prices. However, as in all cases of depressed or manic extremes, basic facts and value are ignored.

While the preceding link includes critical commentary regarding the silver shortage, the link below offers another example of how this planet of 8 billion can virtually cause this increasingly precious metal to disappear altogether.

If life is precious, doesn't the service of health-related purposes render silver more precious than gold? Hmm? Would it? Does it?

In the same vein,...

July 7, 2013

"In the past, I have mentioned the effect on the tiny silver market, if even a very small fraction of what comes out of bonds or stocks were to go into the metal.

"Indian households own about as much gold as does the ECB and the US combined. Also, Indians have overtaken the Chinese as the world's biggest buyers of gold.

"Finally, to deal with a crisis in their current account, the Indian government has taken such measures that make further gold acquisition prohibitive for its citizens. Hence, the observation someone wrote on Seeking Alpha:

"If even a tiny fraction of what Indians have been investing in gold were to flow into silver, it could cause the latter's price to explode (due to relative price, that phenomenon started a year ago or so anyway).

"It sure seems that that there are plenty of "tiny" things that can cause an eruption in the price of silver, eh?"

"While hedge funds set the gold price for now in the paper markets (COMEX), the big premiums that Asians pay to own gold reflect the fact that that can't continue.

"With gold trading at the cost to mine to mine it, the hedge funds will soon want NO part of taking on all of Asia, especially given the fact that there is very limited selling pressure that the public can now exert in the PM market (having gotten rid of most of what they have) and, more importantly, while, the Commercial traders are now on the side of the good guys."

CONCLUSION

***BUY!**

*Today's positive "outside day" in silver may have marked the acceleration's onset, but, due to regulatory concerns, for timing and strategic position management, these reports are precluded from offering much greater detail.

CURRENCIES

June 2, 2013

"Last month, I commented that, while I have held a hot hand in 2013 in the currencies (my saving grace in an otherwise challenged year), the picture had become murky and uncertain for me, which I took to mean sloppy trade within the complex, resulting in a basically weakened Dollar."

May 5, 2013

"However, now, the Yen's indicators have corrected enough and the currency *might* not rally any further in the near term. Also, the Euro has strength that can carry the chart pattern to 133.

"Between the two currency analyses, we may simply be looking at continued but perhaps slightly lower Dollar range trade. While my hottest market has been the currencies, I am all of a sudden a bit uncertain."

The above excerpts tell the tale.

Concluding this report are the **6-month charts** of the **US Dollar Index Bullish Fund,** the **FXE (Euro ETF),** and the **FXY (Yen ETF),** respectively.

Again, the MACD appears above the price chart, while the slow stochastic is illustrated beneath it. As well, the blue curve is the 50-day moving average, while the red curve is the 200-day MA.

Essentially, this is it: the Dollar goes nowhere in a contrived fashion, as seemingly competitive national leaders have long since agreed among themselves where to set exchange rates, at the expense of the rest of the world's nations that do not enjoy the luxury of printing money.

This I have reported since the very beginning, many months ago when this whole game began; the headstrong super-rich refused to believe my analysis, since the illusion of free markets suited their need to believe that the game is not rigged in their favour.

Please scroll down to charts.


UUP PowerShares DB US Dollar Index Bullish Fund NYSE
© StockCharts.com
31-Jul-2013
Open 22.22 High 22.24 Low 22.03 Close 22.09 Volume 2.2M Chg -0.06 (-0.25%)
MACD(12,26,9) -0.092, -0.051, -0.040
UUP (Daily) 22.09
MA(50) 22.39
MA(200) 22.19
Volume 2,205,498
Slow STO %K(14) %D(3) 10.92, 7.18
Feb 11 19 25 Mar 11 18 25 Apr 8 15 22 May 6 13 20 28 Jun 10 17 24 Jul 8 15 22 29

FXE Currency Shares Euro Trust NYSE
©StockCharts.com
31-Jul-2013
Open 130.99 High 132.11 Low 130.87 Close 131.74 Volume 995.3K Chg +0.44 (+0.34%)
MACD(12,26,9) 0.544, 0.315, 0.228
FXE (Daily) 131.74
MA(50) 129.90
MA(200) 129.78
Volume 995,347
Slow STO %K(14) %D(3) 90.10, 93.48

Sid Klein

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