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Markets Follow Script

June 20, 2013

DOW JONES

June 2, 2013

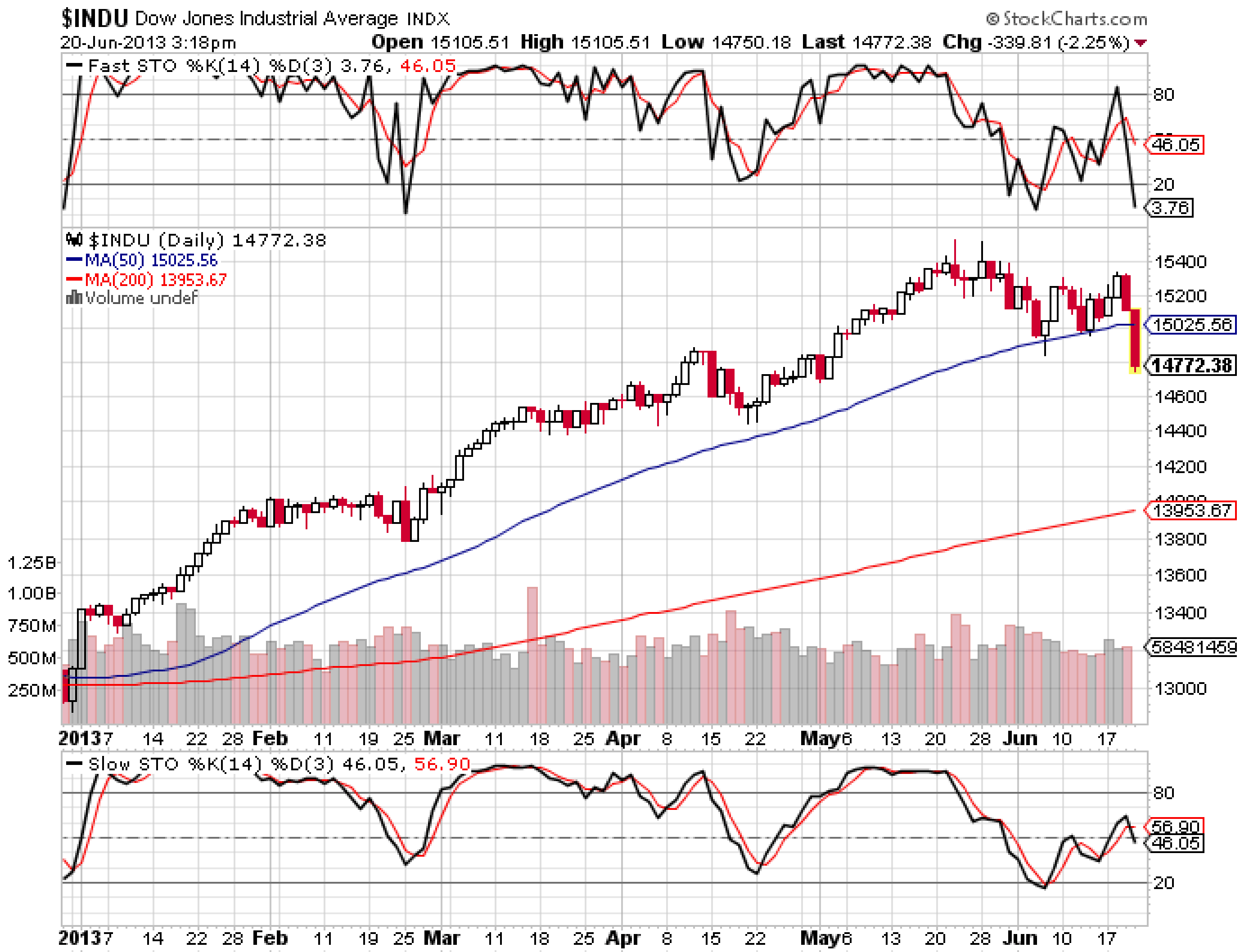
"While a quick decline toward Dow 14,800 could easily yield a snap-back bounce to, say, 15,050, the true areas of support this month lie around the 14,600 and 14,000 levels. 13,000 and beyond has been pushed out to the next quarter."

The Dow did decline further after June 2 into the aforementioned support zone, while the ensuing bounce carried a bit farther, consistent with the momentum indicators at the time (I err on the side of caution, citing the lowest anticipated resistance levels).

As I wrote June 2, the smash has begun, with truer month-end support to be found **something closer to 14,000** (if not lower now).

Reiterating from that same report, the lower levels that had been forecast in April for this quarter will have merely been pushed out 3 months.

1-Year Dow chart:



Make no mistake about it however, the MOST critical story on the financial planet these days is the unfolding and long-since commenced bear market in the global longer term bond markets.

Basis the **TLT, the 1-year chart** of which follows below, long US rates have spiked sharply over the past 6 weeks.

Since having identified the precise peak of this market (see previous reports), the TLT has gone through major swings, though the true direction has now taken hold.

I have long since warned and repeated that the precious metals will benefit with massive upside moves, from a falling bond market for a simple reason.

In the past, bonds and stocks moved asymmetrically, but both have rallied SHARPLY this time until this year's respective tops. Simply, the WORLD wanted US-Dollar-denominated assets.

Therefore, this peak is different from all others. The currency market is the biggest by far and, there, we see **gross** devaluations. Next are the ever-massive global bond markets, where we are **now** seeing some serious global ass-whooping.

GOLD, SILVER

Witness the long line-ups to purchase gold and silver in Asia while foolish retailers sell their ETFs in the US...

June 2, 2013

"Everything is continuing according to the script previously laid out, most notably the transference of wealth and power from West to East, which must necessarily include the transfer of the former's gold to Asia.

"While I have been writing about this for 13 years, and while it has been going on for just as long, it is this most recent period during which it has been most notable, as the crash in paper gold has ushered in the most overwhelming GLOBAL hunt for physical gold in the history of markets."

"On its reversal day (May 20), silver had traded dramatically lower during Asian hours, so I would NOT be surprised to see those levels (around $20 on the SLV), **much to everyone's panic.**

With the PMs getting nailed this month and today with the other markets, no excerpt from the June 2 report could be as vital for an investor's calm and understanding as the following 2 paragraphs!

"A smash in the equity markets is a trigger for much higher precious metals prices, but not in the very short term. Why?

"There is a need to show a break in the asymmetric relationship, by the same parties (and for the same reasons) who have been the manipulators to-date.

"Cycles that have worked for YEARS are concluding, so negative cycle pressure is at its peak this month, following a collapse and basing pattern that is basically complete.

"Option time premiums (implied volatility) and historic volatility are shedding their final minor percentage points, perfectly timed and in-line with these events.

"The preceding 2 paragraphs equate to a single conclusion: From these price zones, rocketing precious metals and related option prices!"

Consistent with the commentary in the 3 paragraphs preceding this section, precious metals are the LAST place that investors can look to for safety and return...and even huge returns as they trip over one another to diversify into those markets.

Apart from the manipulators at the bullion banks and para-government institutions, the public in the US has also pressured the PMs to the Asians' benefit.

The former is selling the little they have left **now** to meet margin calls, so once equities stabilize in the short term, that will be yet another factor for gold and silver will take the lead upward.

As reported so often, the bond and equity markets offer no reasonable safe haven or yield and, above all, if a millionth (or whatever) of the capital fleeing those classes follow the Asians into precious metals, triggering the short covering panic, along with all of the other factors that I have cited in these reports as well, the utter eruption in the precious metals will be able to commence in earnest...VERY soon!

The only thing in the way (and I DO mean the ONLY thing in the way) is the forecasted cycle, quarter and month-end manipulation to suppress gold and silver, so as to prevent utter panic!

Regarding panic prevention, the currencies have much to do with that, so the next report will update recent commentary.

I conclude this section with an excerpt from **today's GoldCore report:**

"Commercial traders, the so-called "smart money" in the futures market have twice as many long positions as they do short, as per the latest Commitments of Traders (COT) report. Meanwhile, the speculators, the so-called "dumb money" have slightly more short positions.

"Considering that the commercial traders tend to be biased to the short side, this indicates they are confident that prices will soon rise."

CONCLUSION

The conclusion is the same as it was on June 2:

"Beware, regarding the 2nd half of the year, versus the 1st six months:

"PAST WILL NOT HAVE BEEN PROLOGUE. QUITE THE OPPOSITE!"

Sid Klein