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All Forecasts Have Come True: So, $60 Silver & Market Crash?

September 15, 2012

NEW YORK

The excerpts below from the August 5, 2012 report are appropriately arranged to help appreciate today's comments in the context of what has since occurred in markets.

Read carefully and treat this missive as Part Two to the most recent letter, "You've Been Warned."

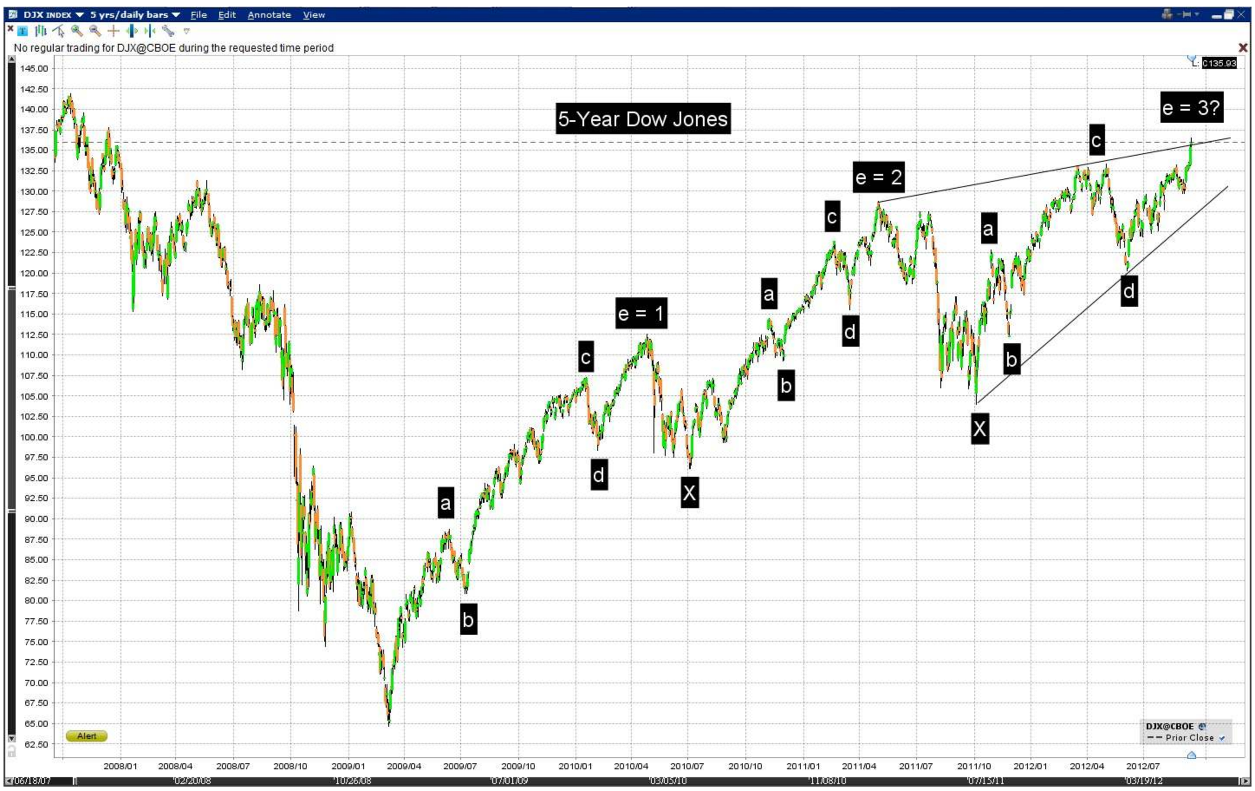
August 5, 2012

"Everyone knows that the printing will only have delayed the inevitable collapse of equity prices, since the real economy can only be hindered longer term by these reckless monetary policies. Therefore, such a rally will be used to sell into by the major players.

"The following *5-year chart of the Dow Jones* labels the 3 major moves up since the 2009 low. Each move is subdivided by 5 waves, as indicated below. To emulate the previous two moves, there would need to be a final thrust higher into the end of the 4th quarter to complete the 3rd wave.

"NOTE: *The labeling below does not reflect the rules of the Elliott Wave and is merely intended to illustrate the pattern since 2009 and how this move would end if consistent*.

"The result would be an assault on the ALL-TIME HIGHS of 14,000, which would lull investors to sleep, adding voice to typical expectations for a yearend rally. The latter will go from presumably typical, to shockingly mythical and wealth-devastating."



"The end of the year will then mark a global calamity of *epic proportions*, as countries exit the eurozone, an eventuality upon which this forecast is NOT dependent. There are "fiscal cliffs", Dollar-related earnings miseries for the US multi-nationals, etc."

"(Please note the major declines into the waves marked "X" on page-3, and realize that the end of this 3rd move since 2009 will have been the conclusion to the entire phase, suggesting that the ensuing debacle MUST NECESSARILY BE the greatest of all.)

Please pay special note to the last paragraph on the preceding page, regarding the updated chart above it.

When markets collapse, central bankers use whatever monetary tools that they have at their disposal to rescue the system. Greenspan did that in 1987 and Bernanke did the same in 2008.

<u>On this occasion, Bernanke has fired all available bullets right at the highs</u>.

This is in perfect harmony with the excerpt at the bottom of page 2, as this coming annihilation must transcend the prior two deep corrections in forming the conclusion of the trinity and countertrend rally within the secular bear market that began in 2007. "Crash" is also consistent with the excerpts below that conclude this section.

That Bernanke has left himself no bullets in not because he is stupid. The latest monetary policies are willful attempts to create a crisis from which the ruling class benefits, the designs of which focus upon causing a unified currency for North America and imperialist annexation of foreign property to create a "North American perimeter."

The latter will also be excused by a mythical "Moslem terrorist threat" and the aim is to create a segregated world in which the Americans get to default on all debt while owning a continent that provides for all of its economic needs.

And, as long as that is the case, there will be no opposition to speak of within the US, not that opposition matters anyway, as history has repeatedly and progressively shown in a militarist 2-party system that holds democracy and the *true* rule of law in contempt.

On Friday, it had briefly appeared that momentum was suggesting that one would be wise to wait an additional month before shorting the market. By the end of the day, however, I came to realize that I had had it right the first time.

The Dow had all but achieved my outside target of 13,700 (Aug. 5 title: **"...Final Dow Rally Tests 14000?..."**), by rallying to 13,653 intra-day on Friday. By the end of the day, a CNBC discussion involving 3 parties convinced me that I had it right the first time.

EACH party said that it was dumb to get in the way of the Fed, which had just finished telegraphing that they will continue to print money for as long as it takes to bring down unemployment (the real reason has been given to you above), though that has never worked since these programmes began. (Rick Santelli noted this fact, as well as the fact that the Fed was taking these steps for "some other reasons.")

The message was clear: "I don't care about inflation." And, with that, EACH participant noted that UNDERWEIGHT FUNDS MUST GET IN BEFORE THE END OF THE YEAR, AND THAT THE MARKET WILL RALLY THROUGH THE 4TH QUARTER AS A RESULT.

My friends, this has created the need to window dress THIS QUARTER; don't worry about yearend. Everyone has said and seen the same things.

By the end of the day, I came to understand that 13,700 is the end and that the end of September is indeed the end. These next 2 weeks will have only served to hurt volatility and reduce the option premiums that hedgers and speculators need to buy.

If there is the need to modify in October, in order to optimize the leveraged position that will have bought in a couple of weeks without tinkering with it to the point of potentially losing the leverage for which one will have paid, then I'll make such comments if and when needed. (It is possible that October makes a stab at a short-lived new high, against a backdrop of expanding and glaring technical divergences.)

Friday's high will not be exceeded by any amount that will even register in the future, when looking at long term charts. Even this coming week will be profit-taking....until the Japanese round out the international chorus of paper-printing.

And again, for a second Friday in a row, three commentators will appear on TV to say that one should ignore ALL of the bad news and just ride the rally for as long as the central bankers are making it possible to do so.

The words that these 3 interviewees spoke on Friday will burn long in investors memories. "Just ignore everything bad and buy, because this guy is printing."

Smart alecks who think that they'll time everything perfectly will have their heads handed to them. I advise all to review the August 26 report's 4 items listed on page-4.

August 5, 2012

"As for the Dow, this will have meant an "all-at-once-debacle" (as I have called such occurrences in the past), as opposed to a more gradual decline, like the more kind and modest smash of 2008."

"*Silver* can double from here into November, while the Dow can drop 6000 points during the November - February period, perhaps from a level approximating 14000."

SILVER

August 5, 2012

"For *silver,* this will have meant a dramatic spike in price and volatility, after having suffered a virtual death in volatility."

The SLV had closed at **26.96** on the Friday before the above was written just over a month ago. The ensuing swift 25% rally is evident on the **3-month SLV chart** below.

The global printing game has begun in earnest, as forecast and described in recent letters, leaving only the Japanese to do the same this coming week. Evidence of the latter can be seen in the Yen and Nikkei charts (not shown today).*

Hence, any SLV pullback may be held to the $31.50 area, whereas a correction to around $30.50 would otherwise have been more appropriate as part of a greater 5-wave pattern.

Simply, the 5-wave count that everyone is looking at is not terminal (awaiting a subsequent wave-2 correction) but, rather, may only be a very "minor" 5 waves within an accelerating Wave-3.

My 31 years of experience recognized that the pattern had become coiled and that the multiple 1-2, 1-2 wave patterns suggested a "drive-thru" spike advance, once it would break out:

July 1, 2012

"The market could be stunned to discover how quickly the SLV rallies to $39."

CURRENCIES

*The Yen's dramatic reversal after a false breakout that stopped out any remaining bears is illustrating a pattern that has much in common with the Dollar index (DXY).

As I've correctly shown in the past, the two currencies are counter-intuitively co-directional. In other words, the Yen will now follow in the footsteps of the DXY, which has broken down to the forecasted levels from the peak that I identified in that index.

The spike up in the Nikkei is entirely consistent with the BoJ's coming print job, all as forecast in recent reports.

CONCLUSION

As forecast and described so often in these pages, this rally will have taken place on the back of global printing which, once commenced, will have created the "sold-to-you-rally."

Long term money, smart money, will have sold through this rally. The "underweight" investors will have created a quarter-ending influx of funds, to which smart long term manipulators and ruling class investors will have distributed stock.

Remember, when people analyze "underweight" or "overweight", they are doing so within a given paradigm that is NOT the appropriate one at such a major secular turning point.

Sometimes, it pays to not be over-analytical of numbers. Simply, "they" want out!

Please visit the new site, http://www.sidklein.com/investment.html, to review commentary and charts of past major global market turning points.

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