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When They Throw A War,
Since When Don't The Brits Show Up?

September 2, 2013

DOW JONES

British parliament calmed the world, but if the Americans want war, they have something better: Canada.

For as long as Canada has existed, the American ruling class has wanted to stifle Canada's role in the world, since its non-support or opposition to US policies has always had deleterious effects on the international stage.

It has been important to replace democracy in Canada with a neo-Conservative government that is manipulated financially and founded in corruption and payoffs, much as has been the case in Mexico and elsewhere.

Canada surrendered her UN Security Council seat and, today, the Governor of Canada, the Mulroney-created Stephen Harper, may engage Canada in the assault on Syria **without any parliamentary discussion.**

Apart from joining currencies to finalize annexation, these murderers of the greatest democracy in the history of the world (literally) may engage Canada in a military act that rationalizes (conveniently explains) a terrorist attack, specifically, I fear, a SMART bomb in Toronto.

Using accords into which the neo-Cons entered on Canadians' behalf, and, also according to design, the US will then install troops to defend against terrorists entering the US via Canada, as already confabulated by another US ruling class mouthpiece, Hillary Clinton.

This is painfully similar to what the US did in the annexation of Hawaii.

So, expect the assault of Syria to be part of the grander design of Manifest Destiny, all using the techniques of the "President of the United States", Henry Kissinger, who stated the need to win wars non-militarily.

Indeed, the moment that the leader of the free world resigned as Prime Minister in 1984, the enemies of democracy and freedom, Henry and his gang of terrorists, went to work.

The Brits do what the US tells them to do, but the US doesn't want the British there. They want to attract an explanation for why Toronto would be the victim of an ARAB terrorist attack. But it won't be Arabs. Nope.

So, the Brits recalled parliament for discussion, but Canada won't. I just explained why something that has no basis in history would occur.

The preceding has dramatic ramifications for the PMs, but, above all, the currencies, as the plan by the US ruling class is to have a self-sufficient North American perimeter, under a single US currency, all allowing for the default on debt to the Chinese.

So much for answering the question posed by the title of this report.

Below, please note the **1-year Dow chart,** which is followed by the **NASDAQ Composite and Russell 2000 Small Cap indices,** respectively. In all cases, the slow stochastic appears below the price charts, while the MACD appears above them.

(The following technical analyses in this section are a mirror image of what appears in the precious metal's section below, regarding the technical interpretations of the latter.)

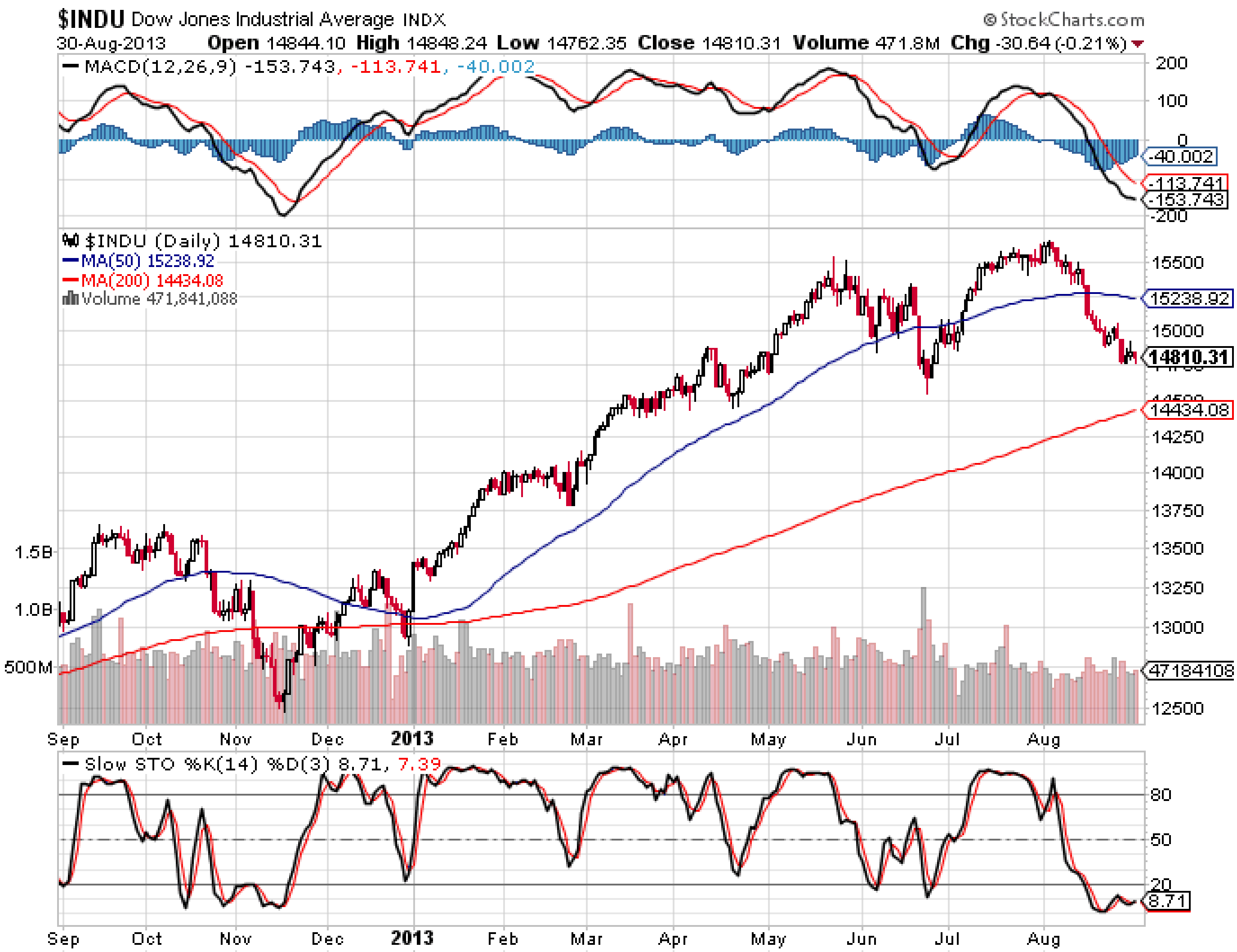
The Dow chart, replete with deeply oversold MACD and stochastic readings, illustrates a complete 5-wave count down, albeit without any positive buy-signal divergences.

Complete, but not completed.

The preceding is a recipe for rally. However, such readings are, for an old-timer like me, *consistent with* an unfolding BLOODBATH. So, I glean a clue or two from the other 2 indices in this section (after the Dow).

Regarding the NASDAQ (pursuant chart), the main difference is that there is no *arguably* 5-wave-completed pattern.

Rather, it is plainly evident that, assuming a bear market is ongoing, there is only a small **1-2, 1-2, and (therefore) Wave-3-preceding pattern.**



With respect to the NASDAQ chart on page-6, sure, one can reasonably argue that the moves are completed a-b-c patterns and that a correction is over, especially given the momentum indicators' oversold readings on the three charts here.

However, that is NOT what my spidey-senses are telling me, and not just because I have declared that the secular bear market has begun and that new highs will never be seen again in our lifetime.

Rather, my intuition and long memory smells something more akin to 1987. Take a lead from the precious metals and see the NASDAQ as getting ready to collapse under the 50-day moving average, which will destroy the **one** good thing about that chart. What supports the latter view?

Look at the Russell chart which follows immediately under the NASDAQ. Not only has the Russell cracked under the 50-day MA, but it helps PROVE (unfortunately for our world) that what is arguably a 5-wave count in the Dow, is actually a minor wave-1 completing, as part of a devastating 5-wave collapse (CRASH?).

If the 5-wave mini-smash in the Dow to-date is only a Wave-1, imagine what Wave-3 would look like! But why do I write, "prove?" Am I not guilty of circular reasoning?

Perhaps, but more likely and more frighteningly, the Russell's chart even shows that Wave-3 of 3 just began last week. And that is why I write "prove", since Wave-3 in the 2nd and 3rd indices, means that the Dow`s 5-wave decline was only part of a Wave-1.

Therefore, this would mean devastation directly ahead!

Focus on how I am using one index`s wave-count to infer the correct wave-count of another (as with the PMs).

The NASDAQ and Russell charts have not had ANY 5-wave patterns down, so the only way one can feel better about equities is to assume that the previous bull market is not yet over, and that one can see the action in the NASDAQ and Russell as being corrective (hence no 5-wave patterns down are necessary).

However, given what the precious metals have proved to us (that their lows have been seen), and given that the PMs have TRACKED OIL (!) PEFECTLY SINCE AUGUST 21st, one would have to be insane to fight the chances for calamity directly ahead.

One can manipulate inflation lower, in the fashion that I describe in the *GOLD, SILVER section below, but the one thing that Fed cannot ever fight, as I have written in these pages before, is **higher oil prices.**

Oil and precious metals may track even (and substantially) higher, and this may end up bearing a lot of resemblance to a hybrid of 1987 and the 1970s.

The ruling class can control neither inflation, nor the stock market (ultimately), but they CAN control the principal short term driver. As always.

When they end the "war" with Syria, oil prices will pull back and the stock market will rally substantially, as the leaders and the state-run media in the US declare that the principal driver for the smash lower is behind everyone, offering great prices at which stock investors may now venture to enter.

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."

"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 .

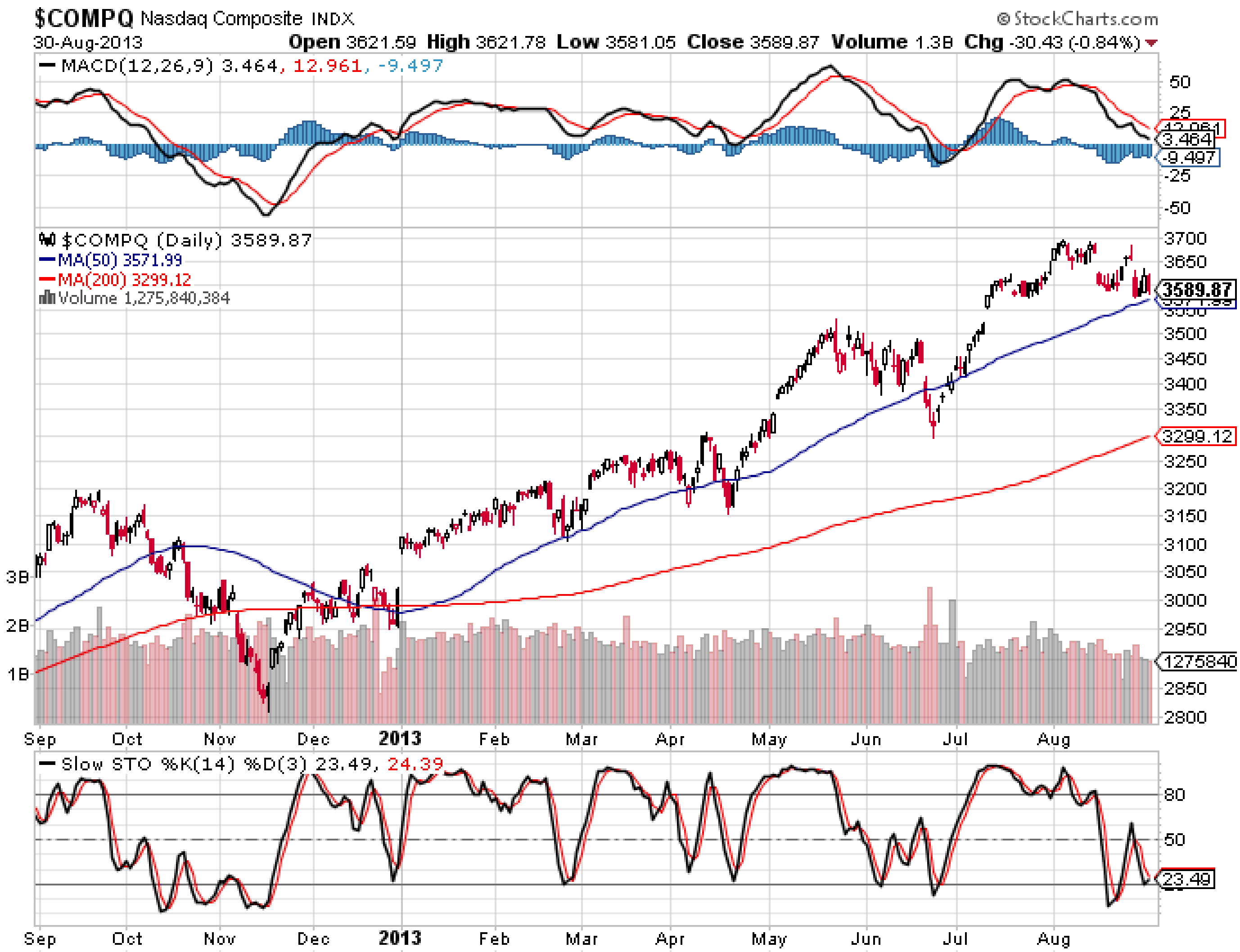
"The ever-waning technicals are consistent with the fundamentals that continue to deteriorate, as they have throughout the year."

Therefore, the July 7 letter correctly forecast that the Dow would go on to do nothing more than a double-top, having identified the low at that point, while the July 31 report nailed the precise peak....

July 31, 2013

"THIS TIME, the MACD has already triggered a sell signal!"

Please scroll to next page.



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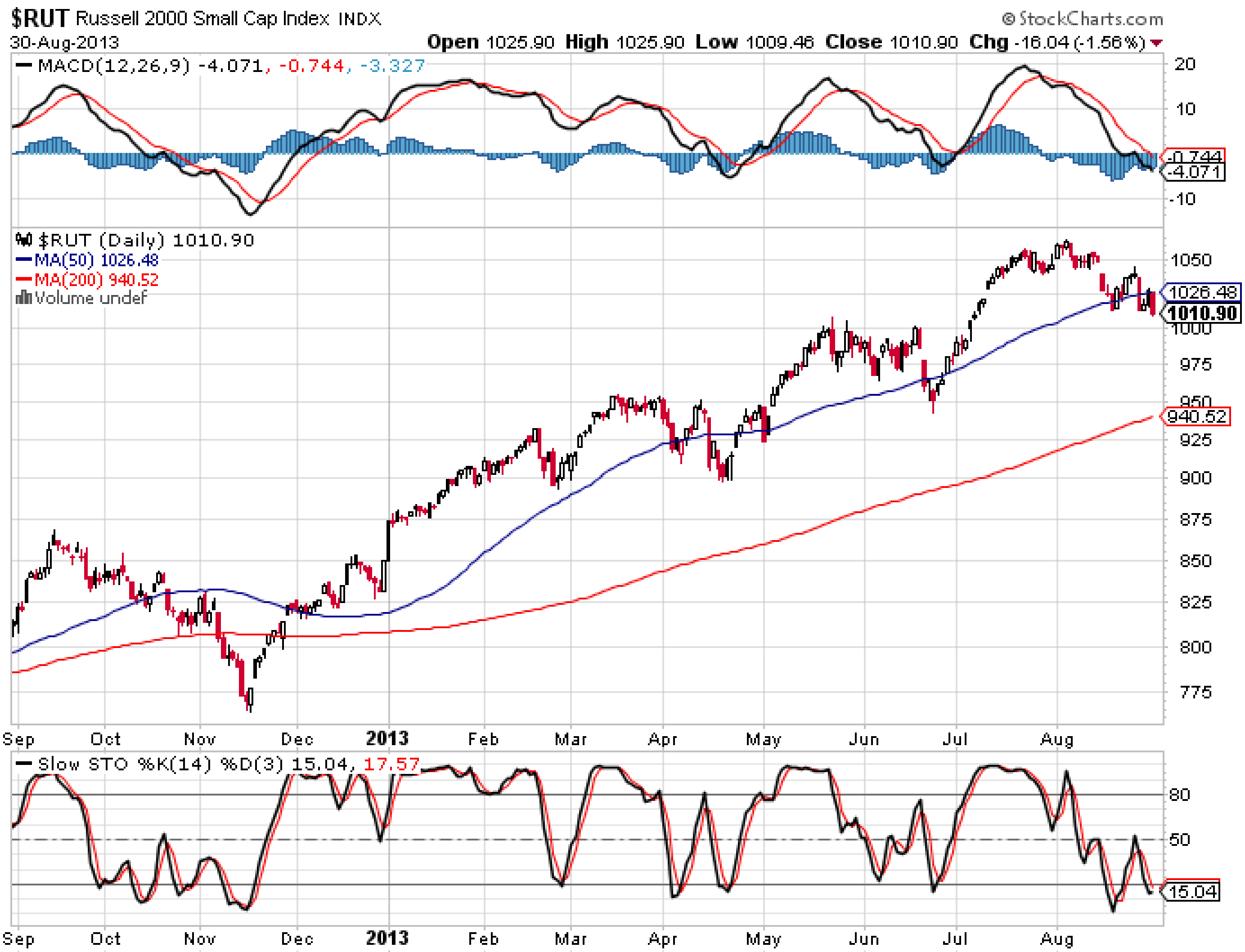

6-Month VIX chart on page-8

July 31, 2013

"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."

With the preceding VIX comments and a feel for statistical probabilities, one may act immediately to make the fortune of a lifetime.

Regarding probabilities, I refer specifically of the past performance of yours truly after being early, further drawing attention to the degree of that success. Given the debut of repeated (renewed) precision, one could be well-advised to not procrastinate.

New York conclusion

Here, I reiterate the information given in recent reports, in one form of expression or another: **The all-time peak is in and the secular bear market in equity prices has commenced.**

To help govern the reader's psychology, I add:

A yearend calamity of great proportions is made all the more likely by the fact that the reader may hear the cries of a wolf, instead of focusing on the fact that the author of this report amended his forecast 8 months ago, to state that everything had been pushed back by 6 months.

And, yes, for creating a peak, this is what has happened. So, use the opportunity to enjoy windfall profits that are then used to buy silver bars kept in the PERSONAL vault.

Regarding windfalls, again, in my case, I may not discuss specific strategies on the internet. Consultation is available, however.

And, believe me, if I`m right (and I really think so), as they say, you can`t pay me enough anyway.

NIKKEI/SHANGHAI

The **July 7, 2013** excerpt which follows the Nikkei chart explains that the "bull market" ended.

Here, I add only that the price chart is rolling over. This is underscored by the downward diagonal line that one may draw by simply connecting the May and July peaks.

No annotation is necessary; the referenced diagonal line and rollover-deterioration are optically self-evident.

1-Year Nikkei chart

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."

Due to the plethora of charts in this issue, I'll simply summarize that the chart of the **Shanghai Composite** since May is akin to the Nikkei's intermediate term pattern.

As such, it suffers from the same sloping pattern that has had it stuck under the 2100 level and, correspondingly (to the Nikkei), investors will be surprised to see how easily that index will have cracked 1900 below.

WHEN the Shanghai Composite cracks to new news below 1600, the Asian stampede into gold will take on cartoon-like proportions!

GOLD, SILVER

I'm an old man now, so I see things that others don't. Yes, that's a great straight line, but before embracing anything so self-effacing, I will boast, instead.

Over these past decades, during periods of often intense and absorbed analysis, I have imbibed images of patterns, before intuitively experiencing chart interpretations to which intellectual analyses would or could not lend themselves.

This preamble is precisely because I am disinclined to annotate charts and point to indicators but, rather, refer to these though discussion. So,...

The slow stochastic (my favourite indicator, using particular inputs) are overbought in both gold and silver (below price charts), while the widely followed MACD (above price charts) are quickly approaching sell signals.

Meanwhile, in the case of silver, a 5-wave pattern appears to have taken shape, and such shapes very often conclude patterns. So, all taken together, what do I deduce?

"When I was younger so much younger than today", I would have concluded logically. But, in truth, "I was so much older then, I am younger than that now."

The preceding begins with a jovial Beatles lyric that described someone who thought he knew more than he did, and concludes with Dylan's sagacity, which underscored a wisdom that could see and accept things as they are, to enjoy life better.

<u>Therefore, I conclude thus</u>:

The momentum indicators will stay overbought until the initial moves off of the lows in the precious metals are each seen as initial waves (Wave-1, in each metal), within greater 5-wave patterns that are accelerating.

The GLD could rocket to 160, while the SLV could blast toward 34, both within relatively short time spans.

IF the stochastic slips under 80 (regardless the metal), then I would look for a move to a lower high in the indicator (in either case), coupled with higher highs in the respective metals, as I am open to the possibility that this spike higher may be less pronounced (compared to the intitial interpretation described in this paragraph).

Either way, I do not join the other bulls who are concerned about a deeper pause now.

After utterly irrational and extended movements (in this case, down), the surprises are to the upside, with events unfolding sooner than expected.

It pays to be old...but young. Read the TITLES of recent reports and now read this carefully: Get excited! Prepare for surprise. I've seen this before.

By definition, preparing you for surprise would take the fun out if it, but that is what you pay me for.

Sometimes, as SKGS readers know, I tune into the correct wave-count by focusing on one of the metals, before applying that interpretation to the other one (that was a hint).

However, without caring about "how", the above was the bottom line. Meanwhile, the charts below give the reader a chance to play and see if one sees "it" too.

Also, I am not being more detailed about the levels on the way up, but I remind that, at the precise low in June, I strongly recommended a portfolio of strategies that included the cash SLV, along with a combination of long term diagonal call spreads and straight longs, including varied strategic strikes and expiry dates.

The idea was to be able to enjoy the opportunity to adjust exposure and take profits on the way up, while assuring that **expanding** leverage could be enjoyed ALL the way up, with **less** capital on the table.

That is what is unfolding, so it isn't as important to know about the exit levels, as such.

Some sell into strength. Some buy into strength. In all cases, the less-than-seasoned mathematicians and investors miss the best boat to float.

With the lows behind us, this boat will not sink, especially since the investment community's will to drive prices higher will become emboldened, precisely since the low is recognized for having been precisely that.

If it can't go down, it must go up (and vice versa). My mentor of yesteryear taught me that. (The theme remains, wisdom is simple and obvious, yet it seems that one must be "old" to have it.)

Since an **indescribable pittance** of the world's savings are in precious metals (i.e. Japan, which has BEGUN its commitment), one can see why others are now openly projecting $3500 for gold (my forecast 12 years ago), while silver is seen as having no limit to its potential, as fundamental drivers now and will exist that were not even on the scene a decade ago. Therefore,...

For students of the Long Wave Economic Cycle (Kondratieff), remember, a "new era of innovation" occurs concurrent with a financial disaster, as the competition for capital exacerbates financial conditions. Taking the good with the bad, I suppose.

1-year SLV and GLD charts follow; in each case, the MACD appears above the price chart, while the slow stochastic appears below it.


SLV iShares Silver Trust NYSE
©StockCharts.com
30-Aug-2013
Open 22.64 High 22.88 Low 22.55 Close 22.60 Volume 9.9M Chg -0.40 (-1.74%)
MACD(12,26,9) 0.944, 0.853, 0.091
SLV (Daily) 22.60
MA(50) 20.00
MA(200) 25.35
Volume 9,872,171
Slow STO %K(14) %D(3) 76.01, 85.69
Sep
Oct
Nov
Dec
2013
Feb
Mar
Apr
May
Jun
Jul
Aug
60M
40M
20M
987217

The next picture is a **1-year VXSLV chart.**

At the lows and repeatedly before that, I explained that the VXSLV (and GVZ for gold), the measure of option time premiums, expanded during move-concluding declines, due to the metal's volatility, before enjoying the heart of the indicator's bull move once the metal reversed upward.

Simply, I explained, even though the VXSLV and GVZ take off from their troughs once the PMs collapse to their lows, the continuations of the bull markets in the volatility indicators occur once the PMs reverse upward! Why?

I explained that one must consider the law of diminishing returns. Keep it simple:

Silver can fall from $20 to zero (if the governments "repeal" gold and silver?), but the upside is unlimited. It's just math, which thrills and frightens speculators and hedgers.

Note that the chart spiked dramatically during the manipulation-caused rout in mid-April. Now, note the beautiful reverse-shoulder-head-shoulder pattern, and its neckline above which the VXSLV has held in such textbook fashion.

With support around 32, a new wave higher will mean that premiums AND the underlying metal are exploding together, according to my analysis above.

Having identified the low in silver, taken with the oft-expressed knowledge that option spreads bottom BEFORE the underlying, the primo portfolio was engineered for long term leverage and safety of capital.

Such a pitch over the plate that lends itself to a 1000-foot blast over the fence is **exceedingly** rare!

* - See New York section regarding gold/oil reference.

Conclusion

The July 31 report, along with the Seeking Alpha article that followed, explained how the Chinese may have been as much of a culprit (if not THE culprit) in tanking the metals in April.

It merits re-reading, particularly since it explains how that scenario is tied into the Chinese control over **when** gold will erupt.

Also, the article is made noteworthy in terms of timeliness, since a key member of the precious metals investment community has since espoused my view. This can add to the fire of a buying panic.

Additionally, the June, July, and August reports made the assertion, in the strongest terms possible, that silver was the most leveraged **and** the safest investment in the world.

With each passing month, at least the first part of that assertion becomes increasingly less true.

CURRENCIES

In May, I wrote that I had held a hot hand in the currencies over the preceding year (as a saving grace, given the "difficulties" with respect to the precious metals and equities), but that I had come to feel that the currency picture had become "murky."

I suggested that this lack of intuitive clarity was translatable into a perception of short-to-intermediate-term range-trade for the currencies that are covered in these reports.

Such range trade, I reasoned, would continue giving the impression of non-panic and relative currency stability, as the leaders (world-domineering gangsters) had long-since agreed to price levels, all the while giving the impression of being adversaries.

I had held these views of price-fixing (one may say), real-time, a year earlier. This view, when I wrote of it, was denounced as being anything from silly to paranoid, since wealthy academics have little real-world sense of politics in finance.

Simply, they want the world to be the way they can understand it to be.

However, and with there being nothing new in this, the absurd-yet-obvious-view has since come to be accepted, more and more.

Above all, I warned: The currency levels' relative and broad range trade will disguise the fact that it is the **precious metals** which are attracting the serious money.

As I would go on to explain subsequently (after a lot of pain), the precious metals were manipulated lower. How?

By the "commander-in-chief" (forgive me for not using bold caps for such a menacing title) getting on a conference call with corporate America, to tell them to NOT invest their hoards of cash, so that money-printing not stoke hyper-inflation, sooner than later.

I wasn't on the call, but it's just one of those things that I believe, somehow.

THAT was the true manipulation!

Now, however, the jig is up. The PMs have bottomed, so...

The US is again blowing the smoke of war to cover a financial calamity which they wish to explain as having been caused by such a transient factor. (Transient, because they can end the "war" when they wish.)

Expect the USD to pop up as a knee-jerk reaction to the commencement of slaughter, as global investors' minds contain the memory of the US currency being the safe haven, at such times.

However, that won't last long, as memory is replaced with a desire for gold. Either way, whether gold and the USD continue to advance together for a time or not, the broad range-trade exists for the currencies.

Still, I only expect limited positive action for the USD after assault.

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 each price chart, while the slow stochastic is illustrated beneath it. As well, the blue line is the 50-day moving average, while the red one is the 200-day MA.

July 31, 2013

"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
30-Aug-2013
Open 22.18 High 22.24 Low 22.17 Close 22.19 Volume 843.2K Chg +0.03 (+0.14%)
MACD(12,26,9) -0.037, -0.071, 0.035
UUP (Daily) 22.19
MA(50) 22.25
MA(200) 22.20
Volume 843,195
Slow STO %K(14) %D(3) 78.65, 60.97


FXE Currency Shares Euro Trust NYSE
© StockCharts.com
30-Aug-2013
Open 130.83 High 130.89 Low 130.44 Close 130.84 Volume 220.1K Chg -0.24 (-0.18%)
MACD(12,26,9) 0.211, 0.412, -0.201
FXE (Daily) 130.84
MA(50) 130.65
MA(200) 130.19
Volume 220,084
Slow STO %K(14) %D(3) 27.34, 46.49

Sid Klein

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