

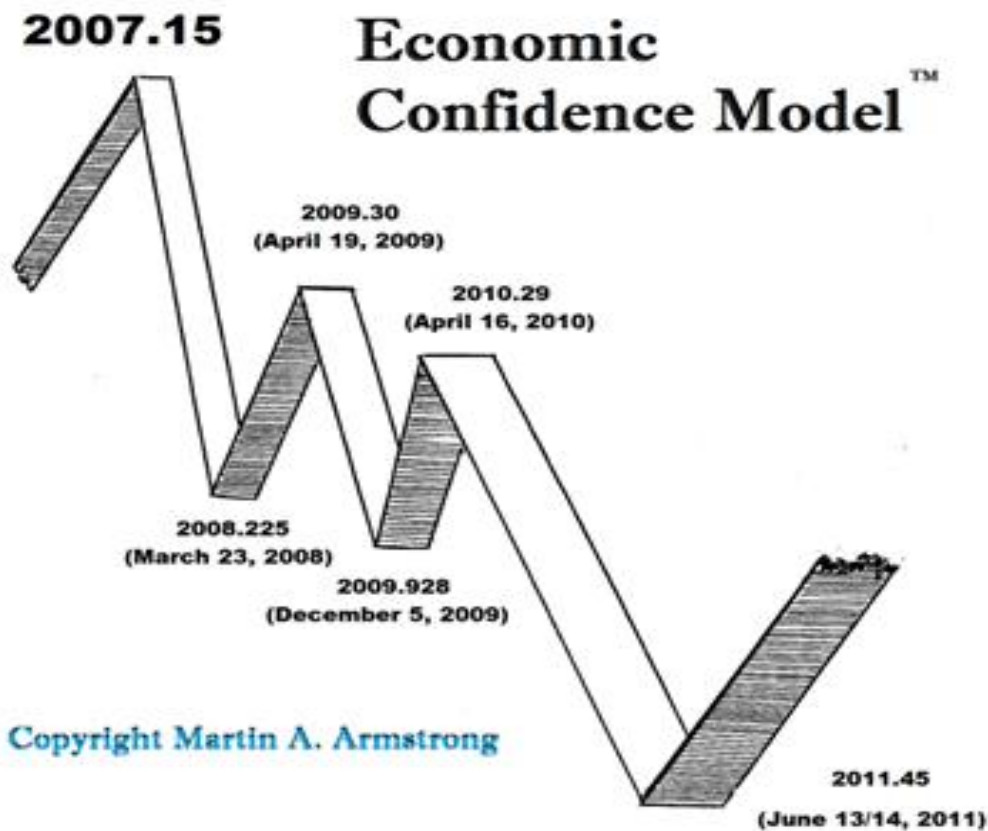
ARMSTRONG ECONOMICS FORECASTING THE WORLD

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*Financial-Capital-Equity-Commodity & Political Trends
History Is a Catalogue of Solutions*

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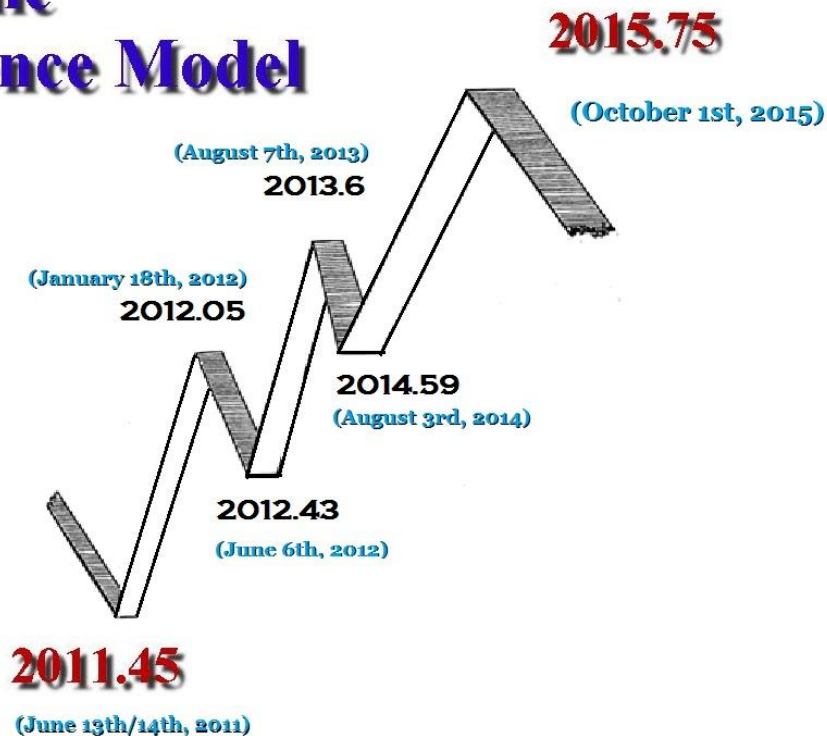


The June 13th/14th Turning Point 2011.45

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Economic Confidence Model



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Just when you thought it was safe to go back into the economy, low and behold, the economic statistics have been doing nothing but crashing and burning. The Republican debates try to make it sound like everything is Obama's fault and had they been in power, some miracle would have happened. More likely the country would have split in two and we all would have fallen into the Mississippi Delta. The Republican debate illustrated our problem. All we get is more bullshit spread on top of the last layer of bullshit. You can put a chimpanzee in the White House, and not a damn thing will change. This turning point is a wake-up call and we will hit the snooze button once again.



2011

appears to be shaping up as did the 1985.65 turning point. It is more likely than not to be a profound change in the economics rather than a particular market just yet. This is good news that we did not get bubble tops or dramatic lows in the key markets.

There is some concern in currencies including the Swiss franc and in China. This suggests that most of the markets will follow their own cycle realigning with the **Economic Confidence Model (ECM)** as normal over the course of this next wave. For example, above is a chart of gold for the 1985 turning point. The low took place during the week of February 25th, 1985 precisely 26 weeks before the turning point. Gold eventually exceeded the high it made on the **ECM** target of August 25th, 1985 making a spike high 20 weeks later for the week of January 13th, 1986. Gold then fell to retest support during the week of March 31st, 1986. This was precisely in line with the **Pi (π)** target 31.4 weeks later. That was the last low just before the breakout began.

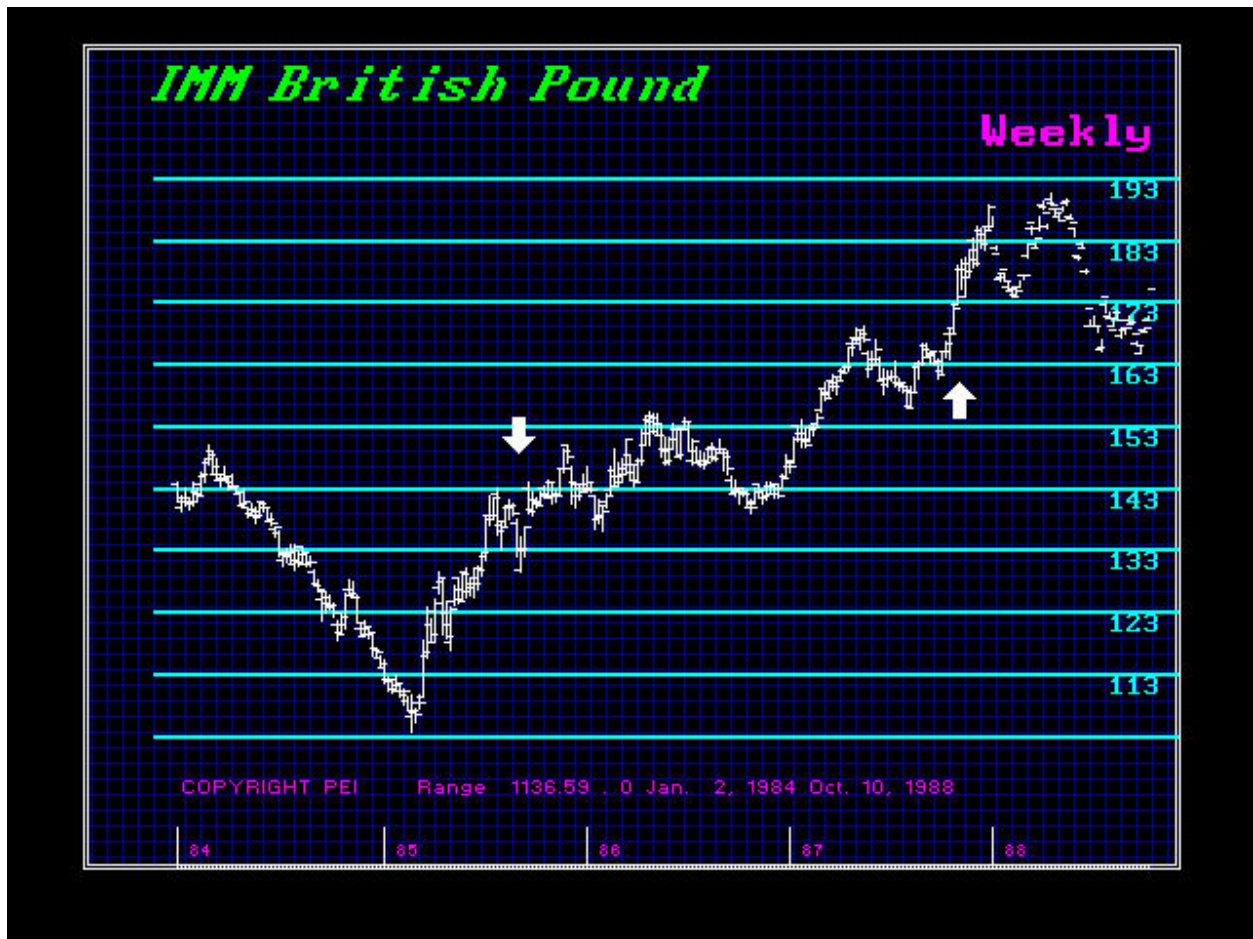
Now you might wonder do markets revolve around these **ECM** dates? Indeed, there is a lot more to how the world functions than meets the eye. The economy is truly a **Dynamic Adaptive Complex Network (DACN)** that is interrelated on a multitude of levels globally. It honestly requires a model that is capable



of monitoring everything that moves in order to provide some definitive forecasts rather than just opinion. We all have opinions; some better than others. But opinions are prone to be cyclical in nature and thus we have our hot and cold streaks. Opinions can be nothing better than an educated guess at throwing darts. To illustrate this danger, now look at the above chart of gold expressed in Japanese yen for the same period. The **ECM** turning point is highlighted. Instead of gold rising as it did in dollars, here it collapsed declining to new lows. This stark difference shows the danger in opinions that are typically limited to a domestic view of events. The **ECM** picked the last rally for gold just before it collapsed in terms of foreign currency.

It is true that gold rallied in dollar terms. But the dollar was manipulated lower by 40% thanks to the **Plaza Accord** creating **G5** (now **G20**). Thus, the **ECM** in dollars appeared insignificant for gold while highs and lows formed in line with this target, but when viewed internationally, the **ECM** picked the last rally before the fall.

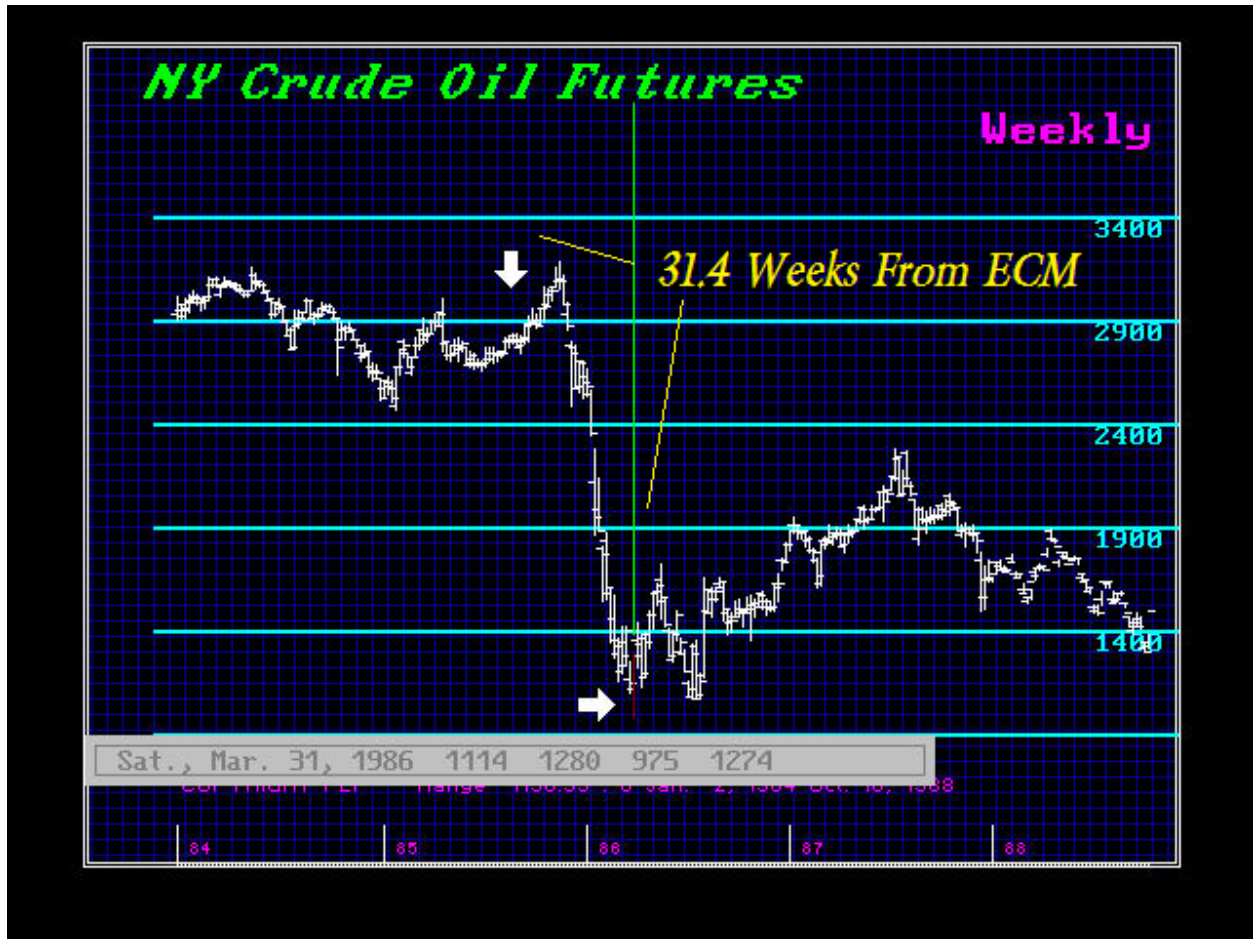
The global economy is simply far more complex than is generally assumed. The air waves are filled with opinion, but no substance. Nobody is asking if the system under which all nations are operating is viable? There is just an assumption that government should borrow. Nobody thinks the debt will be ever paid off, nor is there a discussion of restructuring. Politicians are screaming about debt ceilings, and the Republicans just want to blame Democrats for everything demanding deficit reduction, but to what end?



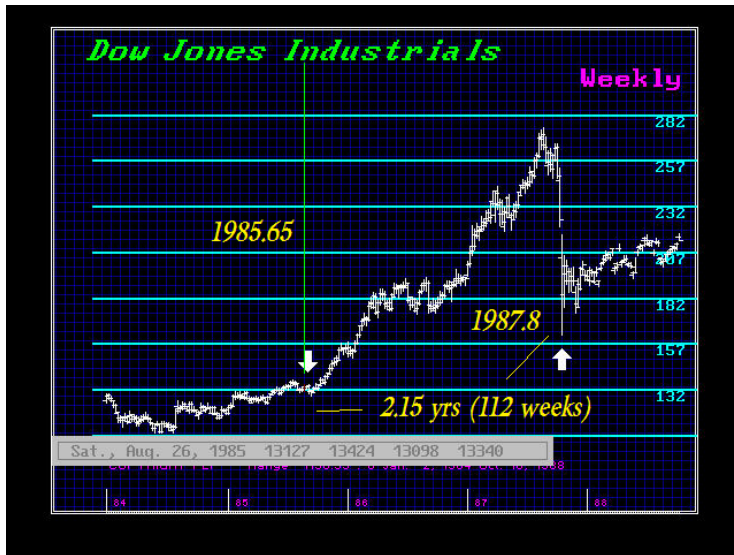
You can cut every penny of spending. You can fire every government employee and you can default on all their pensions. But unless you default on the national debt, you will never stop the interest expenditures from rising to the point they crowd out all other spending. So what is the net effect? The interest expenditures are being exported so they do not stimulate the economy at all. We debate the loss of manufacturing jobs, but nobody talks about the exportation of interest expenditures that is far worse than the loss of manufacture. So while politicians take pictures of themselves working out, if they loved their country and family posterity, just perhaps for once they should address the long-term economy instead of worrying about how pretty they look. Unfortunately, history dictates that is wishful thinking. Politicians are elected and thus they will not act in anticipation of a crisis, only when the crisis takes place. Representative government fails every time because the self-interest of the political class is in direct opposition to the self-interest of the people and the nation.

The British pound had also fallen to \$1.03 during the week of February 25th, 1985 once again 26 weeks before the **ECM** target date. Then the pound fell for 3 weeks into the week of September 9th. Thereafter, the pound rallied to retest \$2. The pound peaked 137.6 weeks after the **ECM** target during the week of April 18th, 1988. This was precisely **16 x 8.6** making it **137.6**. There is **NOTHING** random. Everything is perfect order, whether or not we choose to see it. Those who fight and scream against such things are like those who insisted the world was flat. There is a whole new world out there if we choose just to

open our eyes and our minds. We do so in every field of science. Why is it when it comes to our most important subject, managing our economic-social network, people despise this subject with a passion? I believe it is as always. Those who argue against the existence of a **Dynamic Adaptive Complex Network** of order, fear most of all, that they will lose their ability to manipulate the rest of us and they will have to earn a living the honest way. The evidence of intelligence is the willingness to explore with the unbiased approach of a new child. If you are afraid to ask the questions, you certainly will never be confronted by the answer. The search for intelligent life should be in our capitals not outer space.

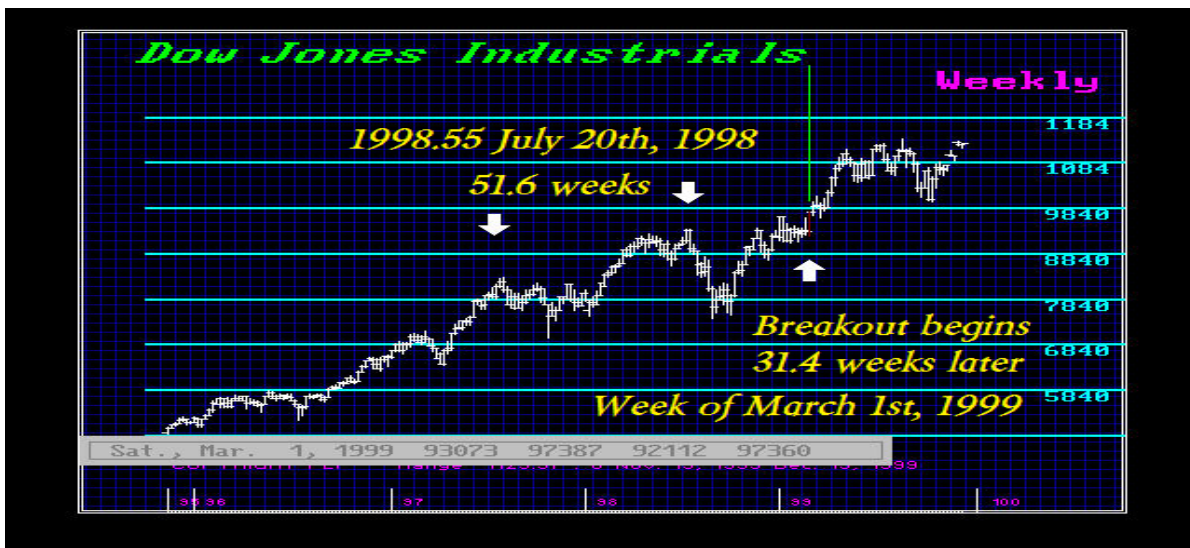


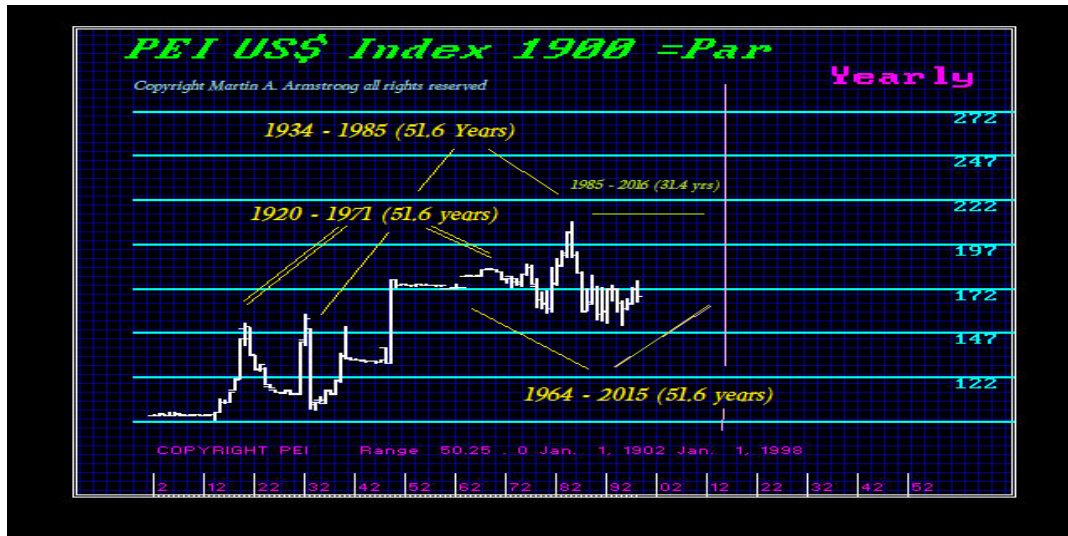
Now look at Crude Oil. The **ECM** date really produced nothing definitive. However, precisely 31.4 weeks later we come to the low in oil. There is far too much regularity across the board in markets around the world to be ignored any more. We can choose to exist in a world running around in diapers chucking spears and dragging women back to the cave by the hair. Or we can wake up and embark on a whole new world of hidden order. This is what they wanted to destroy so that everyone will still live in a primitive world in awe of the Investment Bankers as if they were some ancient priest in Babylon who secretly chart the cycles of the heavens and then pronounce they will make an eclipse appear tomorrow. The population dazzled by their magnificence, part with their gold trinkets enriching the priests and buying their salvation because they simply said so.



Of course, it is well documented that the **ECM** pinpointed the precise day of the low in **1987 Crash** measured from the 1985.65 target at the half-way mark (2.15 years) 1987.8. The fact that it produced a LOW was critical to the forecast that the market would make new highs and that the low was in place. The majority of opinion based analysis claimed it was the start of a new Great Depression. That is why the **Brady Commission** called upon **Princeton Economics** to see why we were saying the low was in place. Even if we look at

how the Dow Jones Industrials performed in 1998 relative to the **ECM**, we can see that once more that market peaked with the model, but 31.4 weeks later, we were off and running to new highs once again. For you see, the July 20th, 1998 turning point was most concerned with Russia that our model was showing would collapse kicking off the **Long-term Capital Management** bailout when the **IMF** was supporting the Investment Bankers. Even the **Dodd-Frank Bill** was a joke. The one thing they should have done was mandate CDOs be traded on an exchange. That simple act would have prevented **Goldman Sachs** from wiping out **AIG**. By dictating to them what the CDO was worth that they wrote to demand collateral! Congress would not regulate the most important aspect of the market leaving it subject to manipulation. **Behind the Curtain** the keys were handed to the Investment Bankers to blow up the world again in a new improved sequel. Representative politicians are simply for sale to the highest bidder through donations. There was no way the CDOs would be properly regulated on an exchange providing **TRANSPARENCY** for all! (*What happens when Greece defaults? Who will bailout Goldman Sachs again? What the hell. That's what payroll taxes are for!*)





OW the future unfolds from here is going to be very interesting. The economics do not look very good and we are facing a 7 year drought that began in 2007 guaranteed to press food prices sharply higher. There is also a significant danger of famine by the time we head into 2014.59 (August 3rd, 2014). That is the **Pi (π)** frequency from today and completes a 7 year drought cycle from 2007. This will create tremendous economic and political pressure and we are unprepared to deal with any of this.

Europe still looks weak and there is a danger of the **Euro** collapsing 31.4 years from the 1985 major high in the US\$ dollar – 2016. The 1985 high was 51.6 years from the 1934 low when Roosevelt devalued the dollar. However, the 51.6 year frequency of the **ECM** has long dominated the currency markets. The 1920 high following World War II produced the closing of the gold standard and the birth of the floating exchange system in 1971. The year 1964 was the last year silver appeared in coins as the **Bretton Woods Monetary Fixed Rate System** was starting to crumble. Adding 51.6 years brings us also on schedule for targeting 2015.75 as a big turning point in the currencies. This reflects the significant risk that exists in this cycle for a **dramatic currency crisis** that will tear the world apart and accelerate the **Sovereign Debt Crisis**. Politics now prevents even preparing for the future. There are Democrats who will never vote Republican if Abraham Lincoln was running. There are Republicans who would never vote for a Democrat seeing them as all socialists. Republicans are afraid of mirrors for they are the greatest behavioral-socialists regulating everything and prosecute everyone to control the masses. A die hard Republican cannot sleep at night for fear someone might be having a good time someplace and impose their idea of Christian morals upon everyone else as did the Puritans. Republicans eliminated the 4th Amendment, vacuum up all communications and emails to keep track of what people think under the pretense they are looking for 6 Arabs and a camel. Both parties are denying our future fixated upon taxing the rich on one side and controlling thought and moral behavior on the other. Both forgot **LIBERTY** is defined as **FREEDOM**, not George Orwell's 1984 who said: "*A tragic situation exists precisely when virtue does not triumph but when it is still felt that man is nobler than the forces which destroy him.*"

I will provide a world review soon as data is available on the economic front. For now, I hope this exposes the hidden order that lies beneath the surface. There is much ground to cover and so little time. What I hope to illustrate is that opinion is substantially flawed when the world around us is far more dynamic than most are willing to contemplate.