

## Answering Your Questions

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### OCCUPY WALL STREET, GOLD & DID OPERATION TWIST SEND THE 30 YEAR RATES TO RECORD LOWS?

The **Occupy Wall Street** movement is going national. There were a few hundred now in downtown Philadelphia opposite my office and some have tents. This movement lacks a clear direction. Some signs said jail the rich. Others seem to be Marxist and demanding an end to capitalism. This is the problem when the market manipulators own the SEC, CFTC, the courts, the press, and the prosecutors no less Congress. They are not about to arrest primary dealers who sell their paper for them they would fear not being able to borrow money. The primary dealers are financial crack dealers that have Washington hooked. This is now turning to target Goldman Sachs and Congress. This should get interesting. Leave the stock brokers alone! They are not "Wall Street" as that term has been used.

The protestors, even if they spout Marxist dogma, have an **ABOSLUTE** right to protest even if I disagree with that dogma. If they are not free to speak, they neither am I. They were not being abused in Philadelphia as has been the case in New York City. The NY Police Department (NYPD) is illustrating for the whole world just how corrupt NYC really is. Many foreigners have commented that what should everyone expect when Bloomberg is the Mayor and his business was servicing Wall Street. Yet just as the bankers donate to politicians, J.P. Morgan Chase is believed to have just donated an **unprecedented** \$4.6 million to the New York City Police Foundation. The gift was the largest in the history of the foundation. So, it is presumed that NYPD will defend the bankers to the bitter end.

It is a shame that the market manipulators have given Wall Street such a bad name. The Panic of 1869 was called **Black Friday** because they dragged the bankers out and hung them on Wall Street. It was not about shopping. This whole thing can get very ugly and this is precisely what I have always been against the market manipulators. They give everyone else a bad name. They will destroy society for a quick GUARANTEED dime. They are the reason for the rising hatred of Americans in general and the corrupt court system in New York is destroying the entire world financial system to protect the banks.

## GOLD

I still get emails of people who will just not stop with the gold standard stuff. They just don't get it. **BEEN THERE – DONE THAT!** We had a gold standard and they still printed more dollars than there was gold at the “*standard*” fixed rate. It is **NOT** what is **MONEY**, but who is in charge of the system. We need **POLITICAL REFORM**, not some gold standard. Those who keep yelling “*fiat*” think money is a store of value. It NEVER has been. Gold should be free so you can buy it as a hedge. Why would you want to hand it back to government? Additionally, these ideas that somehow unless money is 100% backed it is not real is nonsense. To create a system they purport you have to eliminate credit, borrowing, and banking. If you have a \$20 gold piece and deposit it in a bank and I borrow \$20 in gold, we both have accounts showing \$20 but there is just one coin. **ALL** credit leverages the money supply creating a “*fiat*” system constructively. To create a world where money is an **IOU** on a one-for-one-basis, there cannot be **ANY** credit whatsoever. Gold is a hedge. Leave it alone. We don't need government getting their dirty hands on it. Hello! What's the problem!

For now, it will take a daily closing **ABOVE** 1822 to signal a low is in place. Otherwise, a weekly closing **BELOW** 1605 will signal a renewed decline or a daily closing below 1577.

## DID OPERATION TWIST WORK?

The greatest problem we face is the myopic domestic skewed analysis. The majority of analysis seems to always just talk about the USA as if it were the only country in the world. It is nice to attribute the decline in 30 year mortgage rates to **Operation Twist** but quite frankly this is **NOT** the only stimulus. If Operation Twist was the **ONLY** thing in a stagnant trend of capital flows, it would have had no effect whatsoever. The **ONLY** reason rates declined is because this is the trend. It is **NOT** artificially created! Capital acts like that loose cannon on the deck of ship in the middle of a typhoon. With Europe in brain-

dead mode still trying to just bailout everything and hope it will pass night without striking the bow and in the morning we will get back to growing our way out of the economic decline. Given this attitude, capital is wisely fleeing. You have to be **NUTS** not to move your money out of European banks and into the USA right now. This capital inflow increases supply of money and helps to lower rates domestically within the USA. If capital was fleeing the USA, there is no way rates would decline further regardless of what the Fed does!

In truth, if the Fed did **NOT** do **Operation Twist** right now, it would be paying artificially higher rates of interest than the market would dictate. Too many expect the dollar to collapse and will argue the opposite position. Again, they are looking at the USA in isolation. The lack of federal bonds in Europe left the individual state debts the reserve assets in Europe. That is just insane. Can you imagine if every state debt in the USA was federal and the banks relied upon it as reserves?

The dollar will decline. However, it is not its time just yet. After Europe goes into meltdown and Japan, then capital will turn against the USA. Everything has its time and place. In Europe, so many industries are owned by the governments. As governments come under fiscal pressure, these industries will fail. We **MUST** revise the monetary system **NOW!** We are running out of time.

# ANALYTICAL & WORLD ECONOMIC CONFERENCE

DECEMBER 3<sup>RD</sup> & 4<sup>TH</sup>, 2011 AT THE

## The Westin Philadelphia



99 South 17th Street at Liberty Place

Philadelphia, Pennsylvania 19103 Phone: (215) 563-1600

Register by sending email to: [ArmstrongEconomics@HotMail.COM](mailto:ArmstrongEconomics@HotMail.COM)

**Seats \$2500 each for two days: \$750 for Only World Economic Conference**

Thank you for your reservation for the **Analytical & World Economic Conference** being held in Philadelphia, December 3<sup>rd</sup> and 4<sup>th</sup>. This will be held at one of Philadelphia's finest hotels located in the heart of the city within walking distance of Independence Hall, the Liberty Bell, first Bank of the United States, US Mint, the Constitution Center, and of course Ben Franklin's print shop and his grave.

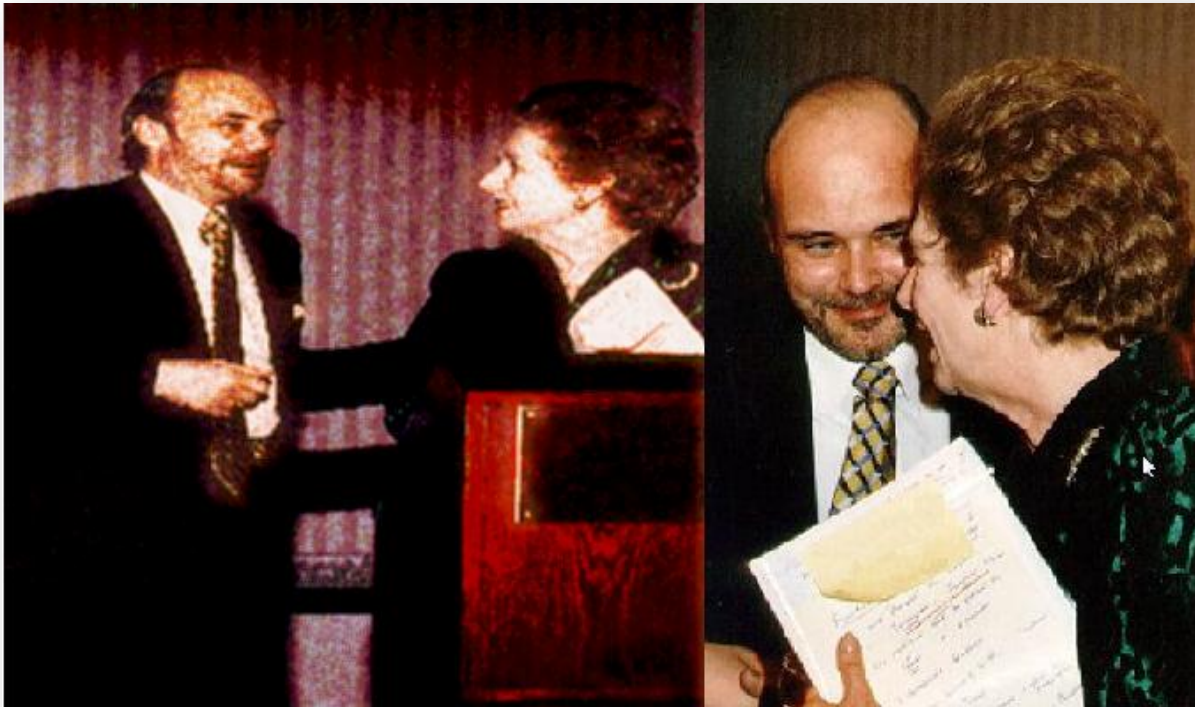


of course Ben Franklin's print shop and his grave.

The price of \$2500 for the weekend is a substantial reduction from the normal \$10,000. However, we are trying to open this up to private individuals and fund managers in addition to the institutional clients. To preserve limited space, we are compelled to limit the attendance to 3 seats per institution.

The price will include luncheons for both days and a cocktail party Saturday night for everyone to get to meet one another. These "**networking**" sessions have been very popular over the years.

We have a room block to 50 rooms. The capacity of the hotel is about 200. To reserve a room you may contact Samantha McPherson [smcpherson@westinphila.com](mailto:smcpherson@westinphila.com). They will be on a first come first served basis.



Because we are trying to keep the costs down on this year's conference, we will not be having any guest speakers as we have done over the years. Day two will be the **World Economic Conference** priced at \$750 per seat whereas the entire weekend is \$2500 per seat. The **WEC** on day two will be a special forecasting event given the crisis we face on a global scale. Attendance is already booked with people flying in from Singapore, Thailand, Hong King, Japan, London, Paris, Frankfurt, Switzerland, and Greece among many other nations. This will be a great get together as always like a mini-private United Nations of the financial world.

As always, there will be no local advertisements in an effort to keep the session exclusive and low-key. Reservations are mandatory. Unlike the **World Economic Conference** of 1987 where there was so much demand for seated following the '87 Crash so we had three sessions back-to-back that is not possible this year. This will be a onetime event.

This **Analytical Conference** will provide real world analytical tools for making your own trading and major strategic investment decisions. This will include technical analysis that is cyclical based and by far not the normal uptrend, downtrend charting techniques. This will include channel analysis that will enable you to visually dissect any chart and see the trend much clearer. This will also include cyclical analysis showing above all how to understand **TIME** and how it actually moves dynamically.



**Imperial Hotel Tokyo**