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The Immediate Outlook

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WHAT'S UP WITH GOLD?

Those who are unfamiliar with our model will find that especially as we go into year-end, markets have a strange attraction toward our year end numbers. In the case of gold, the strange attractor is \$1405.50. Our model also suggests that support in 2012 will be found at 122800, with long-term support at 8575.00. I have been warning that it is time for a pause. So many hate when I say that, their heads turn a full 360° and out comes the green spew that greenbacks are fiat currency and how gold just can never go down. Gold fell 1975-1976 and 1980-1999 when the currency was still fiat. It means nothing.

Since the Yearly Bearish Reversal lies at \$1058.00, only a year-end closing beneath this area would signal a prolonged decline into 2013. Our Yearly Bullish Reversal stands above the market at \$1704.20. Therefore, only a closing ABOVE that would suggest a continued uptrend short-term.

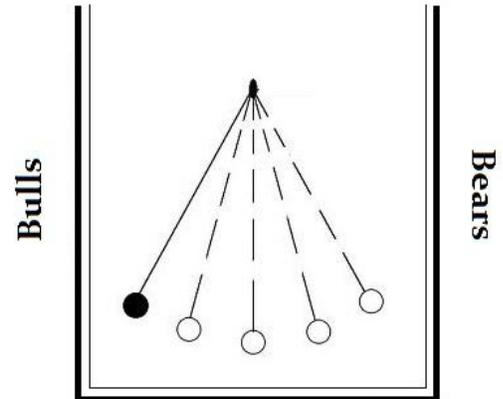
In order for markets to move, the internal mechanism is always like a pendulum. Whenever a market becomes excessively bullish, the internal energy is then set so that the market once it reaches the point of maximum ENTROPY, has become tired lacking a new crop of bulls to come in and take it up further. This is the point when we see the **SMALLEST AMOUNT OF SELLING PRESSURE AND CAUSE THE GREATEST AMOUNT OF CHANGE. It is NEVER** that some huge

short player has entered the market and forces it down. What happens is everyone is long expecting to be rich counting their profits but lack further buying capacity. Thus, the **SMALLEST** amount of selling pressure can then move the mountain of tired longs forcing the weak longs to now sell shaking the confidence of even the steadfast. The sharp increase in selling pressure is not conspiracy theories generated to create some fictitious group so powerful to explain why the analyst is wrong. Stories that gold has not rallied because of paper gold v real gold are other stories spun to explain mistakes. All commodities trade the same way and contracts can outnumber the supply for it is future delivery not actual delivery being traded. Your family can have a life insurance policy on you, and you job can have key man insurance on you as well. However, there is only one you. This is **NOT** the reason gold has not

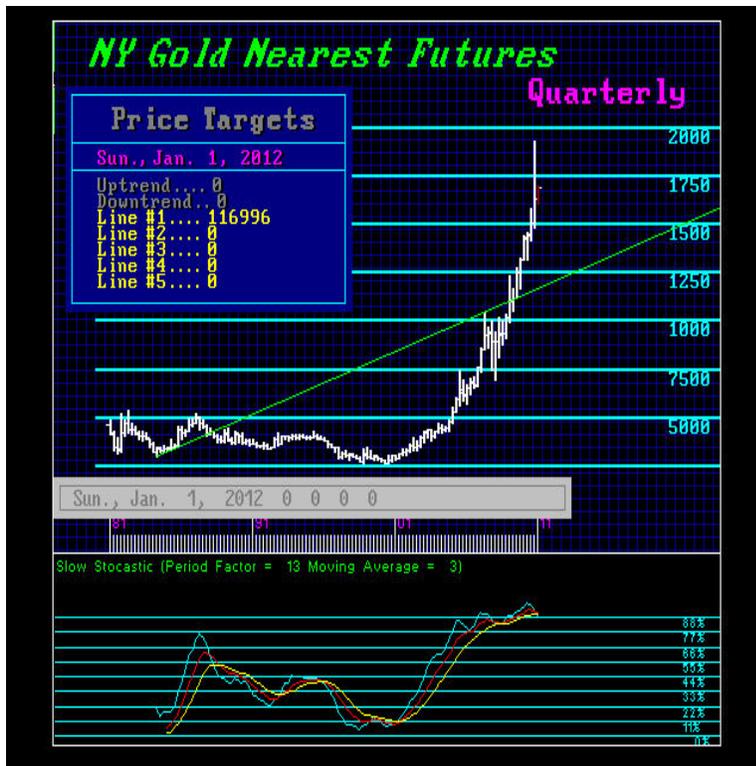
rallied. The real reason is people want to be optimistic and are not ready to accept that the world is crumbling.

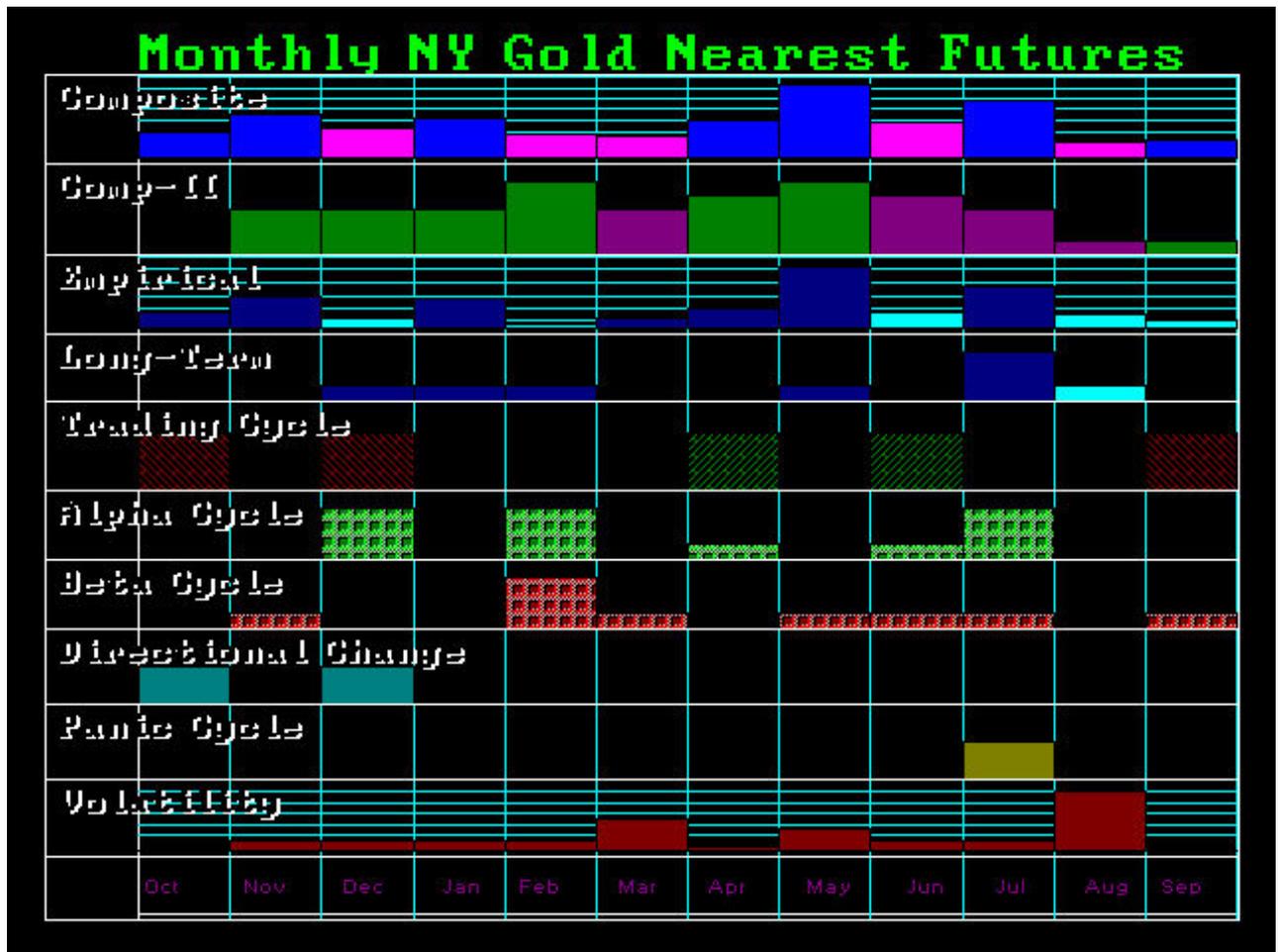
This is why gold is falling. The weekly closing below \$1605 will confirm what is coming down the pike. There just has to be a cleaning out of tired longs who have been sitting there counting their profits like chickens based upon unfertilized eggs. All the indicators have been warning that a correction is coming. The fundamental mantra about fiat currency is getting old. The market is poised for retest of the 1225-1325 area going into 2012 which is the key support.

THE CYCLICAL PULSE



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December should have been a Directional Change. So far that looks to be on target. The Indicating Ranges for December are MOMENTUM 198010-163800, TREND 153950-107200, and LONG-TERM TREND 163700-132870. This shows that the first level of support is at \$1539, followed by \$1328, and \$1072. The Yearly number of \$1405 also provides important underlining support.

The Weekly Bearish Reversals to now watch after 1604.00 are 1522.00 1405.00. As it currently stands, a decline into January is the most likely course of action. We can see a intraday low form in February, however, January is still likely to be the lowest close.

The world may hold together until June. From then on it appears to be starting to go nuts going into 2014. We will have that worked out with the yearend closings and will be provided in the special reports on all the markets written by the computer that should be delivered by January 15th laying out the prospects for 2012.



It is Not Fiat You Need To Fear – It is Government Itself

The latest census shows that 1 in 2 people have slipped in America and are poor. The tax burden has risen and this idea of socialism has amounted to a charity that costs \$9 out of \$10 to function. It is now government itself that is the beast consuming everything, not the poor who get table scraps. After the Arab riots in Iran and how they used the internet to organize, I warned that those in Washington in the unelected backrooms were shaking in their boots and would eliminate that threat in the USA.

The bill was introduced to allow the President to shut down the internet in case of a terrorist attack. You do not need to shut down the whole internet for such nonsense. It was to choke off the ability of the people to organize. Now McCain of all people is the instrument of the total destruction of the United States. There is **NO** reason to authorize the military to operate domestically allowing tanks to roll down the streets arresting people without trial that amounts to anyone who disagrees with the current administration.

These people are traitors to **LIBERTY**. They are setting the stage for what they know is coming. Massive revolts when they cannot pay the promises of socialism precisely as we see in Greece and other places. The troops will fire upon citizens just as police have attacked those who have peacefully protested. The people are being transformed into terrorists that are defined as anyone who disagrees.

Ronald Regan said it best. We have lost everything worth living for. We have erected the new Berlin Wall and soon you will lose your freedom to leave.

http://www.youtube.com/watch?v=1ku_gLDdro&feature=channel_video_title

It is not fiat currency you must fear. It is government itself. We so desperately need REAL political reform. We need **TERM LIMITS** not life time politicians who cannot separate themselves from the people and look down upon us as prey. We need politicians who **MUST** return to the ranks of the people so that they would **NEVER** pass such an act against themselves. It is self-interest that is the check and balance – nothing else.

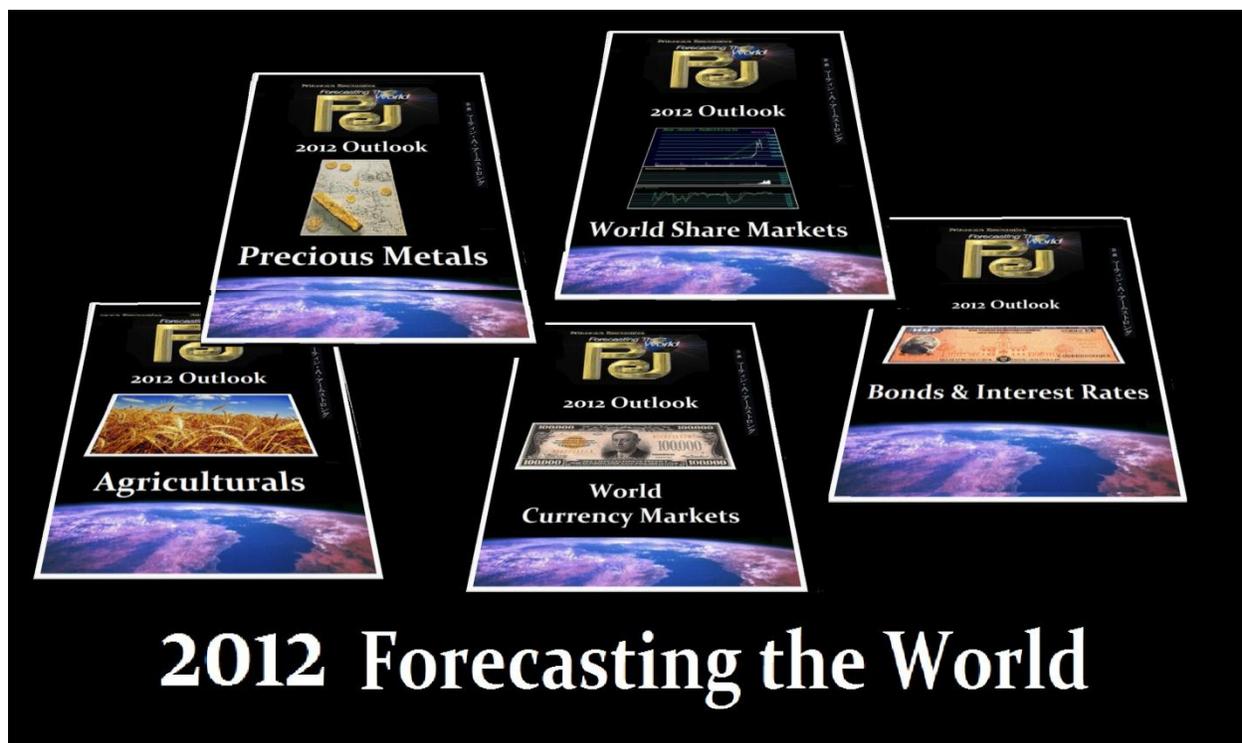
Our logic is really messed up on terrorism. It is like that on ICE.

*When you drink vodka over ice, it can give you kidney failure.
When you drink rum over ice, it can give you liver failure.
When you drink whiskey over ice, it can give you heart problems.
When you drink gin over ice, it can give you brain problems.
Obviously, ice is really bad for you.*

19 guys and a camel have given the excuse to the unelected backroom dictatorship that control the politicians like puppets. They give them a cookie and they will introduce anything. Senator McCain must be a moron. There is no other explanation. RETIRE and get the hell out of government!

So if you want to know why gold will eventually go up? It ain't the fiat. Try good old fashion security from the enemy within.

CONFERENCE ATTENDEES



The Conference Attendees will receive the update service covering these 5 categories. As soon as we have the year-end closings for 2011, we will be providing the computer generated reports on the main markets providing the outlook for 2012 including the Timing Arrays for the year and Reversals.

Shipping Date should be by January 15th.

(non-Attendees \$1,250 for the set of five)

Send payment to Armstrong Economics, Two Penn Center, 1500 JFK Blvd, Phila, Pa 19102