



Rotary Club of Bangkok

Rotary International District 3350

Meets every Tuesday Lunch 12.15 noon at the Grand Hyatt Erawan Hotel

Bangkok, November 7th, 2012

Dear fellow Rotarians & Friends of Rotary,

Yesterday, Tuesday 6th November, we had the pleasure welcoming world re-known economic Guru and forecaster Martin Armstrong with the topic "Forecasting the World" to a full house of exciting members, guests and visiting Rotarian's from near and far at the Rotary Club of Bangkok, eager to get the latest information on our present economic rollercoaster.

We immediately learned that in order to predict the future one needs to know the past and Armstrong's opening sentence took us right back to the ancient times of the Greeks and the Romans, explaining that to comprehend the inner workings of the economy is more than interesting, it is highly complex. It requires massive amounts of data just to hope of achieving some degree of consistent success. Those in the field of economics, who prefer to see the world as merely random, do so to justify their ideas for creating Utopia.

After all, if the business cycle could be defined, then perhaps man's intervention would not be successful. Clearly, there was a large degree of self-interest in discouraging any attempt to define the business cycle. It is a question of retaining power, Martin stressed.

I knew from my study of history that a non-professional German industrialist took Homer and set out to disprove the academics who argued that Homer was merely a story for children. In the end, that untrained believer in Homer discovered Troy and just about every other famous Greek city that was not supposed to have existed beyond fable. Academia tends to resist change and often formed biased presumptions.

I didn't know how to go about such a quest to find if the business cycle was indeed definable. This was not even a goal I set out to do. I was influenced by these panics, not by the economic trends, Martin stressed. Admittedly, I began with the very basic naive approach of simply adding up all the financial panics between 1683 and 1907 and dividing 224 years by the number of panics being 26 yielding 8.6 years. Well, this didn't seem to be very valid at first, I explored through history to see if there was a connection to the rise and fall of empire, nations, and city states.

Armed with a love of history, I could see Panics throughout the millennia. I knew that during the elections in Rome of 53BC, there had been so much bribery, that interest rates rose dramatically. I was familiar with the debasement of coinage in Lydia caused by the invasion of the Persians. I was even aware of the dramatic debasement of coinage in Athens caused by the Peloponnesian War, 431 to 404 BC, where the silver Athenian Owl had been reduced to bronze silver plated. The Punic Wars involving Rome and Carthage produced massive debasement as well. There were clear patterns of the same dramatic financial panics caused by war in every century. I began to notice that this 8.6 year frequency was not precisely just economic, but encapsulated financial panics, which is the list from which I began.

Not only did the 8.6 year frequency mark minor changes, it would build into major waves of intensity grouping six such waves building into 51.6 year events. I began to notice that such events would delineate history quite shockingly. For example, there was 51.6 years separating the end of the Second Punic War (218 to 201 BC) and the beginning of the Third Punic War (149 to 146 BC). While Rome was growing in power, Greece the once Financial Capital of the World, was declining in power from 135BC collapsing after the end of the Third Punic War as Rome now turned to conquer Greece.

It soon became clear that there was a fractal structure to history and time. The same patterns were present on each level of time. Just as the core structure of an atom resembled the solar system and numerous solar systems put together formed galaxies and multiple galaxies constituted the universe, this same fractal structure was present within time and history.

In the early seventies, Martin noted that he became a trader and dealer in gold, and began compiling forecasts about commodities and currencies, which he sent out to clients. Over time, forecasting became my business, constructing what I called an Economic Confidence Model, which I relied on to predict an upturn in the price of commodities in the early days of 1977 – and it worked.

Later, realizing that 8.6 years was exactly three thousand one hundred and forty-one days: 3,141, the number pi times a thousand. If pi was essential to the physical world, perhaps it somehow governed the markets. Pi suggested some future dates of significance, which Armstrong watched carefully as they approached: December, 1989, which marked the Nikkei's peak before it crashed; July, 1998, the high point in the S & P, just before a Russian default broke the giant hedge fund Long Term Capital management in 1999.

Martin says, he built a theory of “confidence cycles” by using charts that stretched from ancient Rome to the Great Depression to trade metals, stocks, and currencies, when he discovered in the 1970s that financial panics from 1683 to 1907 were separated by 3,141 days on average, his cycle analysis is still pretty closely followed around the world.

Martin also made several fascinating predictions for the coming years at Thailand's first World Economic Conference (WEC) over the last weekend (2-3 November) in Bangkok, saying that not

later than 2032 China will be the number one centre of the financial world and that it will stay this way for roughly two hundred and thirty years.

There will be a good long- term boom for Asia over the next 200 years,” Martin surmised during his talks that China looks very good apart from some small swings and stressed that he thinks Europe and the US don’t want to admit that they are the losing power, but they are.”

Martin provided an overall outlook for the Asian region; explaining that Asia is moving to a completely different beat to the rest of the world, with the Philippines and South Korea having just had their credit rating upgraded in comparison with Europe which is being downgraded.

“Everything points to the fact that Asia is where all the capital will be coming and the whole region is doing well and moving to the upside rather than the downside.” In regards to the shift from America as economic powerhouse, to China, Martin says the shift will not be as dramatic as some may think for the very key reasons; “America has is a bunch of nuclear weapons so there isn’t going to be a dramatic end of the US, just a gradual shift of power.”

According to Armstrong, one of the major winners from this economic turn is one the world’s smallest countries: “Singapore will be the richest nation within the next five years on a per capita basis and there is a pretty positive outlook there as they are doing everything correct. They think out of the box, their leaders are well educated and not like in the US where they are automatically indoctrinated with certain ideas.”

The world-famous financier predicted that 2013 will be a singularly important year internationally. His model for predicting future economic turns, The Pi-Cycle model that earned him the title of Economist of the Decade by Equity Magazine, has picked the year as a huge time of change.

“2013 will have many directional changes on most Asia markets. There will be high volatility throughout this year,” Martin explained.

With his afore mentioned model, the 63-year-old Martin was able to predict the 9/11 terrorist attacks on America and the exact day that the IMF signed the bailout for Greece. He also used the same model to address the direction of gold pricing – a hugely contentious and speculative area.

“Gold price has had the pause - it needed that to create a base from which prices will take off again. I say gold will get to the US\$ 5,000 level – but certainly not the US\$ 30,000 level that some are saying. That would all be very nice – but it’s not going to happen.

“As Machiavelli says, history repeats because the passions of men never change, resulting in all sorts of historical patterns having similar cycles. They take off, everyone gets excited, and then it crashes and falls – No matter what market – it’s the same pattern.



Martin Armstrong the founder of Princeton Economics International, Ltd., the largest international corporate and institutional advisor in the world with offices in Paris, London, Tokyo, Hong Kong, and Sydney Australia, was called in during many crisis events affecting the global economy and was the first independent advisor to be invited by China during the Asian Currency Crisis.

His work was summoned by the Presidential Task Force investigating the 1987 Crash and by 1990, he advised on global assets equal to half the value of the United States national debt. Armstrong is not an academic operating purely in theory from some ivory tower. He was the first global adviser who has even testified before Congress regarding his firsthand knowledge acquired by working with multinational banks, manufacturers, brokerage houses, shippers, and government around the world.

Martin directly assisted major multinational corporations on their global strategies and helped to develop hedging strategies. He was name economist of the decade by Equity Magazine, the most prestigious research firm in America by the New York Post, and the highest paid consultant in the world.

Thank you all for making this an über-successful luncheon with the truly excellent Guest speaker Martin Armstrong lecturing us on the past in order to know the future.

Yours in Rotary
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Rotary Club of Bangkapi

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