The Fed Announces it Will Hide M-3 To Keep You From Knowing What?

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The ***Federal Reserve*** announced on November 10th, without explanation, and I quote, ***"On March 23, 2006, the Board of Governors of the Federal Reserve System will cease the publication of the M-3 monetary aggregate. It will also cease publishing the following components: large-denomination time deposits, RPs, and Eurodollars. The Board will continue to publish institutional money market mutual funds as a memorandum item on this release."***

Why? It's simple, really. So that the Plunge Protection Team can hide its market manipulative, equity buying activities. You see, one of the key differences between M-2 (which it appears they will report) and M-3, is repurchase agreements. This is perhaps the most obvious reporting item where PPT market buying transactions show up. If they no longer report this item, folks like us who monitor the growth of M-3 for clues as to when the PPT is likely to buy the market, will have a harder time reporting that fact before, or even as, the PPT buys. Investors will be left more in the dark as to any secret rigging of the stock market. ***Why now? Apparently the Federal Reserve (a key member of the Working Group, a.k.a. Plunge Protection Team) sees a coming need to buy — or facilitate the buying — of markets, including the equity market, incognito.*** Apparently, they don't want investors knowing they are the ones doing the buying, keeping prices up, or pushing them higher.

We have continuously demonstrated the high correlation between growth in M-3 and a rising stock market. We have also demonstrated that when M-3 either declines or stays the same, the stock market is prone to decline. The Fed knows its hypocritical hyperinflationary expansion of the money supply recently has been publicized by Fed watchers, and that 12 percent annualized growth in M-3 during a time when the Fed is raising short-term interest rates aggressively, and jawboning a determination to stop inflation, is nothing short of illogical, bizarre Fed behavior. The reason for the dichotomy is quite simple. ***The Fed can electronically print money and hand it over to the PPT to buy this stock market. That has to be why all the extra M-3 growth over the past several months.***

When we presented the ***Hindenburg Omen analysis*** several weeks ago, we warned that the PPT would likely buy this market to stop the higher-than-normal probability that the market could crash. ***Why did we warn that the PPT would likely buy this market, and stop any potential crash? Because of the M-3 numbers.*** We could see there was too much money being created. We know that the way money gets into the economy is by the Fed buying securities. Inflation is too much money (M-3) chasing goods. Well, GDP (goods and services) is growing annually around 3.8 percent, yet M-3 was being pumped at three times that rate of growth. The difference had to go somewhere. It did. Into markets, and very probably equity markets.

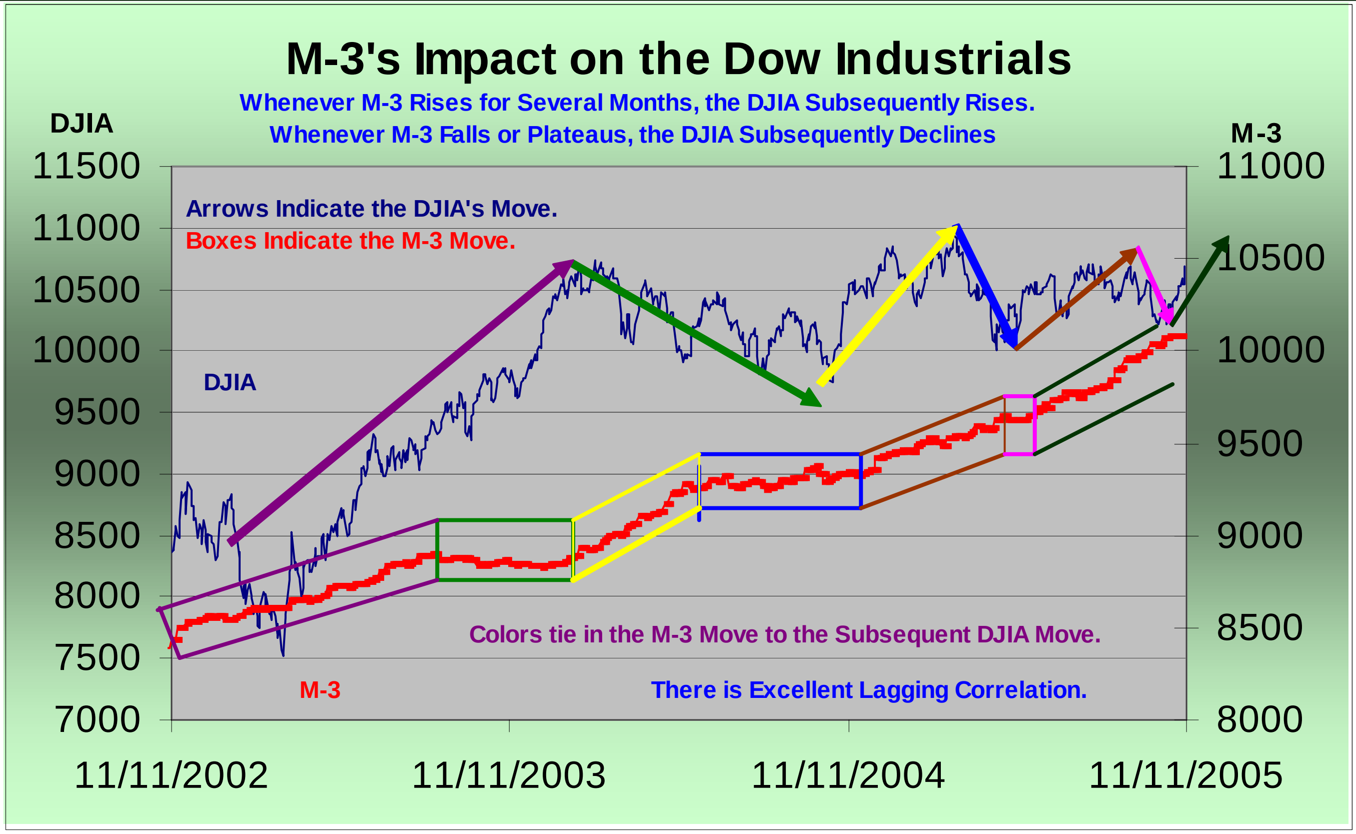
Why all the M-3? Undoubtedly because the PPT wanted to manipulate markets at this time for reasons that are secret to everyone but them. We are left to speculate as to those reasons. ***Is the economy closer to the brink than anyone realizes? Or, is it politically expedient to goose markets? Do the corporatist elitists want the big payback for backing the powers that be, and insist upon a rising market into year end? Does Greenspan have an all-encompassing, overriding desire to ensure his legacy by seeing the Dow Industrials at an all-time high when he retires in January?*** We aren't privy to the reasons because the Master Planners do not believe in the forthright flow of information. They believe that bad news cannot be handled by the flock, that confidence must be boosted at all costs, even if it entails manipulating the markets. Don't let the dead be honored, instead sneaking them into Dover at night. Don't let the real jobless figures be released, goose them with a phony birth/death adjustment, and so on. Now we can kiss goodbye the most important Fed statistic computed. Do you see what is happening folks? The Unpatriotic Act steals your civil liberties. Three young girls from Kansas cannot board an Amtrak train to New York unless they have a government issued photo ID. Not some futuristic sci-fi plot. Now. It is called Corporatist Fascism. Next could be freedom of speech. Then martial law. A computer chip under your skin. Eventually, your right to vote. Then it is all over, game set and match.

Not a peep from Congress on the massacre of M-3. Oh the figure will be calculated. We just won't be allowed to know it anymore. Really begs the question, once again, ***why? Obviously because the Master Planners expect to have to increase the Money Supply very rapidly, to extraordinary levels next year.*** Obviously because they believe they are going to need to buy equity and bond markets aggressively next year. Do they see a catastrophe coming that will require hyperinflation to bail the U.S. out? Maybe. Every time we've had a tragic event of mass proportions in 2005, the equity markets have mysteriously risen out of the blue, sharply, taking shorts to the cleaners. London bombing, Katrina, Rita, indictment of a top administration official, etc… Yes, the Master Planners have learned that they have the wherewithal and the gall to buy the markets — and get away with it. They have learned that at those times when markets are at greatest risk, when shorts have their positions lined up, a little S&P futures index buying, a select few large cap stock buys, a leak to the trading floor that their golden boy trader is buying is enough to send the shorts scurrying for cover and buy the market. ***You see, the PPT only needs to kick start the buying. Then the shorts buy. Then the Hedge Funds jump on the bandwagon in search of that elusive trend — either up or down — deciding it is going to be up, and keep the rally going.*** But by the time the Hedgies are buying, the PPT is able to get out (and their Wall Street friends who took the risk and bought with them early) at a nice profit, the shorts are out licking their losses, and we watch a waning rally with low upside volume, low advance/decline ratios, and a high number of New Lows — kinda like right now.

Yes, don't let the technical analysts and Fed watchers know when the PPT is coming in. That will spook the shorts out and ***the PPT needs the shorts in***. But the March 2006 M-3 announcement makes one wonder. ***What in the world are they going to be up to next year, that will require hiding the growth of money supply from the U.S. citizenry who used to own this country, who elected this outfit?*** War? A big-time war? Martial law? Could it be as simple and corporatist as merely wanting to drive equity markets higher so weak political ratings improve? Maybe nothing to do with national security at all? These are the types of questions every thinking man and woman needs to ask themselves and their congressional representatives, given the Fed announcement. Remember, ***the original mandate of the Fed was to ensure a stable currency. Money. So now they aren't going to release their measure of money to the public?*** One thing that can be agreed upon, based upon our technical analysis work, is that we are sitting upon an incredibly fragile moment in the markets, one that is in no shape to psychologically withstand a catastrophic event on its own. It would thus appear that the Federal Reserve, in tandem with the Master Planner Team, is taking steps to prepare for the worst, and unfortunately that requires secrecy from the people. Secrecy about how much money is going into the economy. Secrecy.

Where does that leave us as investors? Well for one thing, it makes it incredibly difficult to short, or buy puts, and expect a return on your money. If every time the market *should* drop, the Master Planners are going to dip into their secret M-3 stash and buy the markets, well, shorts might as well lift the cap up, and shove their money down the sewer riser. That *is* the psych-ops objective of the Master Planners.

We developed our buy/sell signals for many reasons, but one of the key reasons was because of the PPT. The PPT stopped a crash in April/May 2004 (the last time we had a cluster of Hindenburg Omens prior to now). Heavy doses of M-3 were thrust upon the economy back then, and markets were mysteriously supported before panic selling could occur. Then M-3 growth settled down to a reasonable level until recently. Again, huge M-3 growth coincident with Hindenburg Omens and deteriorating technicals. But, ***<u>the buy/sell signals did not get trapped</u>. They turned to "buys" soon after the PPT did their initial buying, soon after the shorts did their buying, and the Hedgies took over to start a multi-week rising trend.*** Elliott Wave analysis is more predictive in an environment without active PPT involvement. It still works with PPT involvement, but not as predicatively. It is stuck describing the past. Interestingly, PPT activity does not thwart EW analysis, it simply forces a change of labeling. But Elliott's rules still apply, labeling still follows EW principles, and the past can be mapped fully in spite of PPT intervention. But, at least this practitioner has noted, the predictive capacity of EW analysis is muted to some extent during interventionist periods — which up until now have not been perpetual, but rather selected moments, most notably whenever we reached the precipice of a significant degree wave three down. Since especially 2003, at those moments, the PPT — also fully aware of deteriorating technicals and the set-up for a wave three down — intervenes. ***Intervention does not seem to be important at any other time. That may be about to change given the hiding of M-3.*** Once intervention completes its course, from PPT initial buying, through short-covering buying, until final Hedge-fund buying burns the rally out, EW is usually left with a complex corrective wave two of higher degree, or a completing wave five up. This would seem to mean that ***<u>the PPT is only effective in postponing wave three down, not delivering mankind from it.</u>*** We remain believers in Elliott Wave analysis, and find terrific navigational value in it. EW is wonderful for letting us know where we've been, and where we are scheduled to go.



Our Stochastic and Purchasing Power Indicators are trained trend-finders. ***<u>It doesn't matter whether the PPT jumps in or not. These signals will identify trend-changes that have high probability of extending in points and time.</u>*** That is why we spend so much time presenting them. They are not fooled. Maybe for a day or two or three, but not for long. Those of you who have been following them since we introduced them can attest. The point here is, ***until these signals agree with other technical analysis studies we present, we would be hesitant to expect the timing of an outcome painted by other technical analysis tools to appear. <u>When in doubt, lean on the signals for the best guidance.</u>*** And, should the signals agree and generate "sells," be mindful we are no longer in a free market environment, but a centrally planned one, and thus you must be aware of serious risks of going short, as at any given time, the PPT can jump in and change the trend. This will probably remain the case until either so catastrophic an event occurs as to overwhelm central planning efforts — such as the decline Russia experienced under its central planning experiment — or until an action of Congress puts a stop to the ever-widening usurpation of the Working Group's originally intended charge.

Why is Plunge Protection Team intervention so wrong? There are probably fifty reasons, but I want to focus on one ironic and critical reason. ***PPT intervention destroys one of the most time-tested, conservative easy-to-understand investment strategies ever devised, that is guaranteed to make money over the long-haul for both the professional and the novice.*** It is Joe six pack's chance at a nest egg for retirement. It works for people who know very little about investing, and is fabulous for 401(k) plans. ***Dollar Cost Averaging.*** What happens here is simple. A person sticks the same amount of money into a stock market investment at regular intervals, no matter how high or low the market is. There's no thinking. Just saving. If this discipline is kept up, ***the reason it works is because stock prices <u>decline</u> from time to time.*** ***<u>It is the drops in prices that produce the highest returns for the overall portfolio over the long-term.</u>*** Let's examine. Suppose that in ten years, if the PPT intervenes, the Dow Industrials rise to 20,000, however if the PPT does not intervene, the Dow Industrials end up only at 15,000. But between then and now, in a free markets environment, we see volatility where the DJIA drops and rises, and drops and rises, whereas the PPT scenario has the market going straight up. Let's see under which scenario our unsophisticated investor does best. Assume our investor invests $5,000 per year in the market in shares of the DIA, an exchange traded fund representing the Dow Industrials, where one share equals a value of 1/100th the DJIA index value.

		No PPT Intervention			***PPT Market Manipulation***	
	DJIA Scenario A Free Markets	***Annual Purchased # Shares DIA***	***Cumulative # Shares Owned***	***DJIA Scenario B Planned Markets***	***Annual Purchased # Shares DIA***	***Cumulative # Shares Owned***
2006	9,200	54.34	54.34	11,000	45.45	45.45
2007	8,700	57.47	111.81	12,000	41.66	87.11
2008	7,000	71.42	184.23	13,000	38.46	125.57
2009	9,100	54.94	239.17	14,000	35.71	161.28
2010	10,800	46.29	285.46	15,000	33.33	194.61
2011	12,100	41.32	326.78	16,000	31.25	225.86
2012	11,500	43.47	370.25	17,000	29.41	255.27
2013	12,800	39.06	409.31	18,000	27.77	283.04
2014	13,900	35.97	445.28	19,000	26.31	309.31
2015	15,000	33.33	478.61	20,000	25.00	334.31

Total Value: $71,791
(478.61 shares x $150/sh)

Total Value: $66,862
(334.31 shares x $200/sh)

Even if under free markets, the Dow Industrials climbs only 63 percent over ten years, while the manipulated market climbs 100 percent, ***our unsophisticated investor comes out ahead under free markets.*** ***<u>He gained his greatest return power from the periods of time the market dipped.</u>*** Further, if under free markets, the DJIA caught up with manipulated markets by year 15, and both were at DJIA 25,000, the above shares in his/her portfolio would have grown to a value of $119,656 under free markets versus $83,577 under manipulated markets. The point is, from the investor's perspective, stock market declines are a good thing, creating buying opportunities that have a huge impact on long-term returns. ***Problem is, the Master Planners are not looking out for the investor.*** They are looking out for Corporations and their own political hives — Corporatist Fascism. It is when instead of eliminating the ***Alternative Minimum Tax*** (that eliminates basic deductions on incomes that were originally considered to be rich, but because of ***the massive monetary inflation under the Greenspan Fed, now has pushed millions of middle income taxpayers into this onerous tax***), the Master Planners instead elect to increase the corporate investment tax credit. It means further, in addition to offering tax breaks to corporations at the expense of individuals, the Master Planners outright buy that corporation's stock to keep it from falling, thereby helping CEOs keep their jobs, the same CEOs who round up political contributions for the Master Planners. ***It means encouraging Joe and Jane Middle Class to borrow up to their eyeballs in debt to pay for basic necessities after their family job was exported overseas, and then once Joe gets on his feet again with a new lower paying job, yanking a huge chunk of the interest deduction on all the home equity debt he was encouraged to acquire*** so he has to bear a larger share of the nation's tax burden so Corporations can keep their breaks, and even get new ones. It's called allowing pharmaceutical companies to push drugs people don't really need or want subliminally on television during *Desperate Housewives* or the ballgame so we can have everyone in America on 4.7 pills at a time, and at the same time watch ***Congress sit on their hands while the FDA prepares to unilaterally pass a law that requires a prescription to buy a bottle of vitamin C, and the FTC arrests/sues anyone who claims vitamin C can heal an ailment, even if it is true, because the FDA has unilaterally created a law (outside of Congress) declaring that only drugs can heal ailments, not vitamins or herbs — in fact, the FTC just trumped up a similar claim against Kevin Trudeau for using his First Amendment right to free speech about natural health claims on an infomercial according to the Author's Guild*** (check out Kevin Trudeau's best selling book, *Natural Cures "They" Don't Want You To Know About*, available in most bookstores). Where's George Washington, Thomas Jefferson, Abraham Lincoln, Franklin Roosevelt, or Ronald Reagan when you need him? Where's the leadership that is going to stand up for Americans and say, "Enough already!" How about you, Rick Santorum? Or you, Jim Bunning? Or do the Master Planners have some secret file hanging over *your* head, ready to be sprung the second you step to the plate. Yes, the Fed will no longer let the American taxpayer know how much money it is creating. It is none of your business.

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"And he causes all, the small and the great, and the rich and the poor, and the free men and the slaves, to be given a mark on their right hand, or on their forehead, and he provides that no one should be able to buy or to sell, except the one who has the mark, either the name of the beast or the number of his name. Here is wisdom. Let him who has understanding calculate the number of the beast, for the number is that of a man; and his number is six hundred and sixty-six."

Revelation 13:16-18

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