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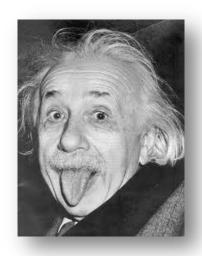
HAPPY π DAY March 14th, 2012

Danielle, who is my right hand assistant that manages my life, pointed out to me that born on today

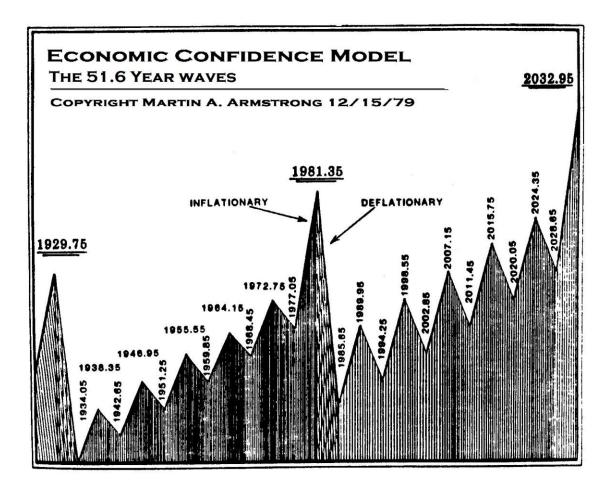
which is called "*Pi Day*" in most math classes was none other than **Albert Einstein** (March 14th, 1879 – April 18th, 1955). While he taught in Princeton, I was far too young to have ever met him. Although his IQ score was 160, there are many others who score much higher in different fields. Yet the key to Einstein's mind lies not in his theory of Relativity, but in his Five Maxims for Achieving Excellence.

1. Imagination is more important than knowledge.

2<u>. Reading</u>, after a certain age, diverts the mind too much from its creative pursuits. Any man who reads too much and uses his own brain too little falls into lazy habits of thinking.



<u>The important thing is not to stop questioning.</u> Curiosity has its own reason for existing. One cannot help but be in awe when he contemplates the mysteries of eternity, of life, of the marvelous structure of reality. It is enough if one tries merely to comprehend a little of this mystery every day. Never lose a holy curiosity.
The most beautiful thing we can experience is the <u>mysterious.</u> It is the source of all true art and science.
The secret to creativity is <u>knowing how to hide your sources</u>



One of the most curious aspects of acquiring knowledge is the resistance to change. The establishment at any given moment is constantly threatened by anything that challenges the status quo. Instead of constantly questioning and exploring the inter-workings of everything around us, there are those that just see evil in anything that furthers knowledge. There is too much vested interest in government and all the various institutions, think tanks, and lobbyists to allow for change voluntarily. Therefore, accepting something that alters the status quo is never welcome. You will even find those who claim to be analysts argue against discoveries they do not make for they too have vested interests in promoting only their methodology. Thus, the resistance to understanding the **Economic Confidence Model** has remained among those with a vested interest that would be disrupted otherwise. They stifle imagination and in the process hinder the advancement of knowledge.



Naxos (Sicily) Silver Tetradram 460BC

The June 13th-14th, 2011 Turning Point has been once again a remarkable change in trend. We now have the stock market rallying, cash at record levels, and the possibility that there is so much money on the sidelines that we are on the verge of an explosive rally. Even the area of ancient coins has exploded with incredible upside potential. Since 911, the US has demanded information on anybody they desire be turned over by foreign governments. As a result, they have agreed that Greek coins of Southern Italy shall no longer be available for sale without a pedigree. A piece such as this Naxos Tetradram from Sicily would have sold for about \$250,000 in 2000. Today, such a coin will bring just shy of \$1 million. Antiquities have been soaring for the same reason stocks are rising. Interest rates are so low it no longer pays to keep cash. Meanwhile, inflation is really percolating but the statistics are manipulated to hide the true trend. We are on the verge of an inflationary jump in assets and the change in mindset was clearly marked by the bottom of the **Economic Confidence Model** in June 2011. Barron's reported the turn in the model correctly.

Barron's reported June 25, 2011:

REVIEW | SATURDAY, JUNE 25, 2011

Circular Reasoning: A Market for Pi in the Sky?

By ROBIN GOLDWYN BLUMENTHAL | MORE ARTICLES BY AUTHOR

The man who called the '87 crash is now calling for a long-term market rise.

"Armstrong is the developer of the Armstrong Economic Confidence Model, best known for calling the crash of 1987 to the very day. The model pegged June 13-June 14, 2011 as the start of a long-term upward trend in the market; the market obliged by notching its first weekly rise since April 29."

Has the dollar peaked and gold bottomed at last?

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Back Page of the Economist July 1985 ran for 3 weeks to announce the turning point in the world economy

In 1985, we took the back page of the **Economist Magazine** in London for 3 weeks during July to announce the change in the model at that bottom warning there too that a bull market was about to begin and a return to inflation would unfold. The ad read:

"In 1979 we stated quite emphatically that the interest rates would rise above 20% and peak precisely during April 1981. We forecasted that а deflationary mode would then engulf the world and the dollar would rise to new record highs. We gave our target for the next turn in the economy as July 1985. Now that our target has arrived, we will begin to see a new trend back to inflation develop within the next 6 months just when the majority expect disinflation to continue."

We are on the verge of another great move. Cash is at record highs everywhere. A crash is only possible when the majority is long and invested. This condition does not exist. Additionally, there is a vast reservoir of cash sitting in government debt that will begin to shift away from **PUBLIC** assets and back into the **PRIVATE** asset world. There is a time and place for everything. Right now, the USA is spending about \$4 billion per week in interest. That will rise to \$10 billion by the top of the Economic Confidence Model and then rise to \$15 billion by the next low 4.3 years later **ASSUMING** no change in interest rates, which is not plausible. The precious metals still have not broken out and have not showing any sign of doing so just yet. We may see that decline at first with the exponential rally pushed off into 2017. For now, governments will get very aggressive in taxation and even Switzerland has proposed new laws as of March 1st that will impose EU regulations upon Swiss operations.

Has the dollar peaked and gold bottomed at last?

rates as the fundamental factor and once the rates began to decline so would the dollar, and of course gold would soar to new heights. But the reality of life is not always what it appears to be. Interest rates are a factor of inflation. The higher they move, the more inflation will be generated. We have the argest international consuling information seen everyone's fundamental explanations financial and economic arren Our models in a delive advances crumble before our and forecasts are employed by some of the international consultance of the i confusion

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saving that the dollar has peaked and that which gold peaked in New York at \$875. We project on a day to day basis. A weakful the projected the 1982 low with a stream with a day to day basis. A weakful the rates as the fundamental features of the project of the 1982 low with a stream with a stre into the precise week of February 14, 1983. We took out full page advertisements in Barrons and warned that gold would collapse. We have stated many times that gold would fall to new lows moving into 1985.

> largest corporations in the world along with banks, individuals and government authorities themselves. In fact, our models are presently under consideration by a few governments simply due to their amazing accuracy

> We specialize in large scale and difficult hedging projects as well as speculation. We provide forecasting in many base metals as well as currencies from 35 different nations. Our models have forecasted the Australian Dollar virtually perfectly along with the Lebanese Pound, Saudi Riyal Turkish Lira, and of course, all the major European cur-rencies along with the Yen, US Dollar and Canadian Dollar. Our projection for the Pound to fall to test the par level in 1980 was thought to be absurd but in the end our extreme projections were proved to be correct.

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Goldman Sachs' Executive Greg Smith

THE DEMISE OF GOLDMAN SACHS

'It makes me ill how callously people talk about ripping their clients off,' Goldman Sachs Greg Smith wrote in his resignation letter. 'Over the last 12 months I have seen five different managing directors refer to their own clients as 'muppets,' sometimes over internal e-mail.'

All over the internet is the release of the resignation of Greg Smith from Goldman Sachs. The culture in Goldman Sachs has been highly debated for quite some time. I believe that after the Government took down its major competitor Salomon Brothers for manipulating the US Treasury Auctions, there was a major turn in the philosophy at Goldman Sachs. I believe that was orchestrated by Robert Rubin who became the first Goldman Sachs' CEO to assume the role of US Treasury Secretary. I believe that Goldman Sachs adopted a philosophy to do a reverse takeover of government that has been worldwide. We see former Goldman people in almost every major government in Europe as well.

Nonetheless, this change in culture took place after 1985 based upon information and belief. I believe we will see this same change take place this time and I do not believe that Goldman will survive the next demise. The pressure is rising and there is probably no other firm so hated among the general population than that of Goldman Sachs. I believe the infiltration of governments has gone too far. The famous statement that they are doing "*God's work*" as the self-proclaimed job description made by

Goldman's Chief Executive Officer Lloyd Blankfein, was just over the top. My bet is there will be no bailout on this next decline. Each time the model turns down there is a call for a bailout. In 1998 it was Long-Term Capital to bailout the banks again. Then 8.6 years later, it was 2007.15 and we got \$700 billion TARP. I do not believe 3 times will be a charm. Next time, they may storm the castle searching for Frankenstein.



The World Share Market Outlook for 2012



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