

ARMSTRONG ECONOMICS™

We are approaching the PI Target from the 2007.15 high - 2010.29. This may produce a high the first week of April. The critical Key Resistance is 11,000 and 11,800 on the Dow Jones Industrial. This will be 13 months from the March 2009 low. The S&P 500 we still need a weekly closing above 1320 to signal a breakout. On the NASDAQ 100 (IOM), this stands at 2060.

The key support in the Dow will begin at 10,200 and if we make a new high for this rally into April, then any weekly closing below this will signal a break to the downside.

Crude Oil overcame the first resistance at \$66 and that has formed support ever since. The major resistance is at \$106 followed by \$122.

Gold made its high December 3rd, 2009 at \$1,226.40. The key initial support lies at \$1,028 followed by \$930. Here we have a 14 month rally from the Oct 2008 low. A weekly close above \$1,162 will signal a retest of last year's high.

On the currency front, the British pound support lies at \$1.48. A weekly close below this, will signal a test of critical support at \$1.40, where a weekly closing below this area signals new recent lows.

The main support on the Euro lies at 1.285 and a weekly closing beneath this area will warn we may break the 2008 low of 1.2326. The main resistance stands at 1.46. This currency looks capable of a penetrating the 2008 low followed by a violent swing above the 2008 high.

The Japanese yen held initial support on a weekly closing basis at 1.07 on the IMM futures, with key support at 1.0550 on a weekly closing basis. A close above 1.145 on a weekly basis is need.

The Swiss Franc main support lies at 91 on a weekly closing basis on the IMM. The Swiss are maintaining near zero interest rates and threatens to sell its currency to stop it advance. Countries can talk as much as they like, but if a debt crisis blooms in sovereign issues, they will pay a premium to the dangerous it becomes. Both the A\$ and the Canadian are still poised for rallies in the broader term.

Again, this remains a debt crisis NOT a stock bubble. These events are like earthquakes with aftershocks. 1929 was the speculative stock bubble, but by 1931, this turned into a sovereign debt crisis. On May 8th, 1931 the largest bank in Austria failed, Credit Anstalt founded in 1855 by the Rothschilds. Its rival had been Bodencreditanstalt, which failed on the first wave. The Gov't, as ours today, forced Credit Anstalt to buy them and gave them secret money through hawdow. The weakened the strongest bank and when it failed, a run began. The Gov't tried bailing it out but the run was now turning into a currency crisis for it was on a gold standard and Austria had \$110 million gold reserves that quickly lost \$40 million. Now the contagion spread to sovereign debt. Germany had major investments in Austria so a collapse in confidence turned there & within 3 weeks they lost 1/2 their gold reserves. US bank lent \$1 billion to Germany now the contagion jumped the Atlantic creating major widespread bank failures.

We took have weakened the system by forced mergers. Confidence in sovereign debt is shaken and with 10:1 ratio of investment in debt to equity, even junk bonds are starting to come back. Capital got burned in real estate and stocks, so it has rushed into debt as it did between 1929 and 1931. We must be concerned because this debt tsunami is far from over.

From America's #1 Political Prisoner

March 16th, 2010

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