PRINCETON
ECONOMICS
Research Institute

The International Think Tank

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THE RISE OF SEPARATISM & THE SHIFT FROM PUBLIC TO PRIVATE INVESTMENT STRATEGY

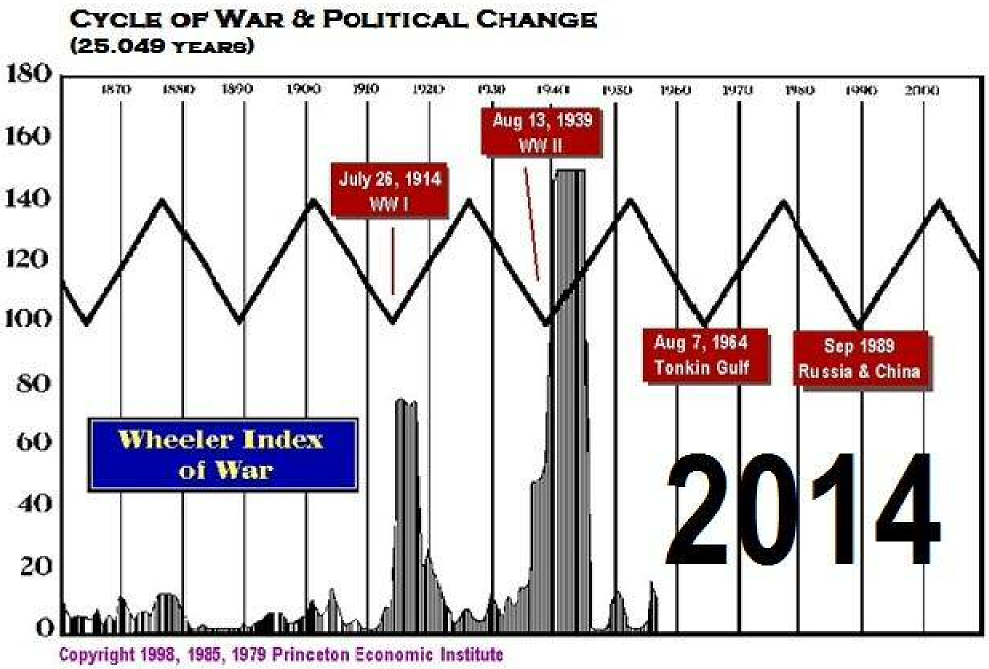
What makes the Business Cycle function is the swing between two opposites. This is the same in politics – left v right. You need two opposites like bulls and bears to create the cycle. Economic is the great equalizer. It brings people together and it causes them to separate and leave. Even in divorce the number one reason couples split is typically money related. In this report you will see a striking undertone of separatist movements that are rising throughout Europe. It has become Antwerp v Brussels, Edinburgh v London, Barcelona v Madrid, and Milan v Sicily. In this tussle of regionalism against national capitals that is even north against the south of Europe as a whole, Europe and its absurd handling of the Euro Dream is both cause and effect.

There is a serious rise in separatism throughout Europe. This is the dirty little secret no one wants to discuss in public. It is easier to dismiss such trends than to seriously consider that they may in fact be developing before our very eyes.

There is also a curious pattern. Flanders is much wealthier and more productive than Wallonia. Strangely enough, it is typically the north against the south even in the United States. Only in the Southern Hemisphere do we see the opposite trend. It certain appears that weather plays a big role for it is the colder regions against the warmer regions where perhaps the work ethic is less rigorous. In Spain, it is the northern Catalonia region that is the richest part of crisis-hit Spain. The Scottish are notoriously more conservative than the Brits. The same can be said of Milan v Sicily.

Parallel frictions over how to slice up the national cake are similarly present in Germany, where the wealthy federal states of the south, Bavaria and Baden-Würtemberg, are fed up with subsidizing the needier parts of the country. It is the southern states where automobiles are produced. BMW does have a plant in the north. Berlin is mostly the tourist and convention center with no major manufacturing on a grand scale. In Italy the same arguments over why Milan should pay for Naples and Sicily have kept the neo-separatist Northern League in business for years.

Previously during the 1990s when Yugoslavia and Czechoslovakia splintered, relative wealth was again a key factor, with the Prague leadership calculating the Czechs would be much better off without their poorer Slovak cousins. Slovene and Croatian secessionism were party fired by exasperation at seeing their revenues swallowed up by Belgrade. Don't forget that Switzerland was born over a tax dispute. William Tell was forced to shoot the apple off his son's head and later began the separatist movement by killing the tax collectors.

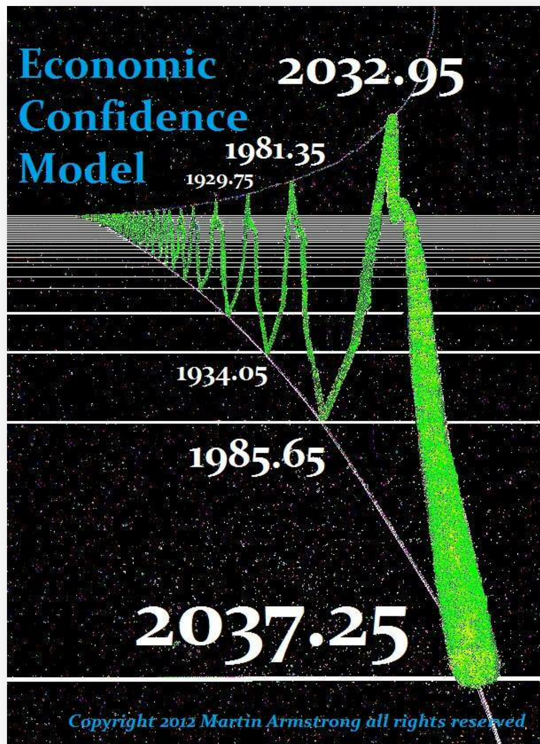


A breakup of any nation state in Europe will be a first since in modern times. No European Union member state has ever broken apart, thrusting the EU into uncharted and uncertain territory over how to respond. It is inconceivable the EU could ignore the democratically expressed will of the people if they vote freely for independence. Politics is always the problem. A handful of EU countries refused to recognize the Kosovo secession from Serbia in the Balkans. They include Spain, Cyprus and Slovakia for reasons of domestic politics – fear of the impact of legalizing potential secessions or partitions at home. So politics may take a punitive approach fearing to recognize the split of one state will invite their own separatist movements.

Politics will take every step to refuse to recognize any separation of a member state. When the United States achieved its independence from monarchy, the tide began to rise and manifested in the French Revolution. Ideas have an interest way of spreading like a disease. Rome overthrew its kin in 509BC giving birth to the Republic and Athens overthrew its tyrants in 508BC giving birth to democracy. So politicians are fearful of recognizing the overthrow of another government for fear of the French Revolution effect following the United States.

Nevertheless, these uncertainties may yet have an impact on the trajectory of the EU economy and the fate of the Euro no to mention the political independence campaigns. Catalonia in Europe may well attract majority support. What happens if the EU tells the Catalans they could be excluded from the EU? We may face a historical period of political chaos that rips Europe apart at the seams.

It is a strange anomaly but there are always two sides to every issue and trend. This is what makes the cycles function – the dance between two extremes. Hence, while Europe is the venue for integration with the idea of creating the Euro as its single currency to compete with the United States, the European Commission did not believe they could sell the idea of a real united Europe and tried to do it half-ass. Leaving each nation with its own debt was just the beginning of the end. Lacking anyone with trading experience, the politicians simply failed to comprehend that if each nation retained its own debt that was now of reserve quality for the banks, they failed to create a single currency because the bonds of that nation could still be isolated and traded relative to the confidence of that individual state. Consequently, there was no single currency – only a derivative.

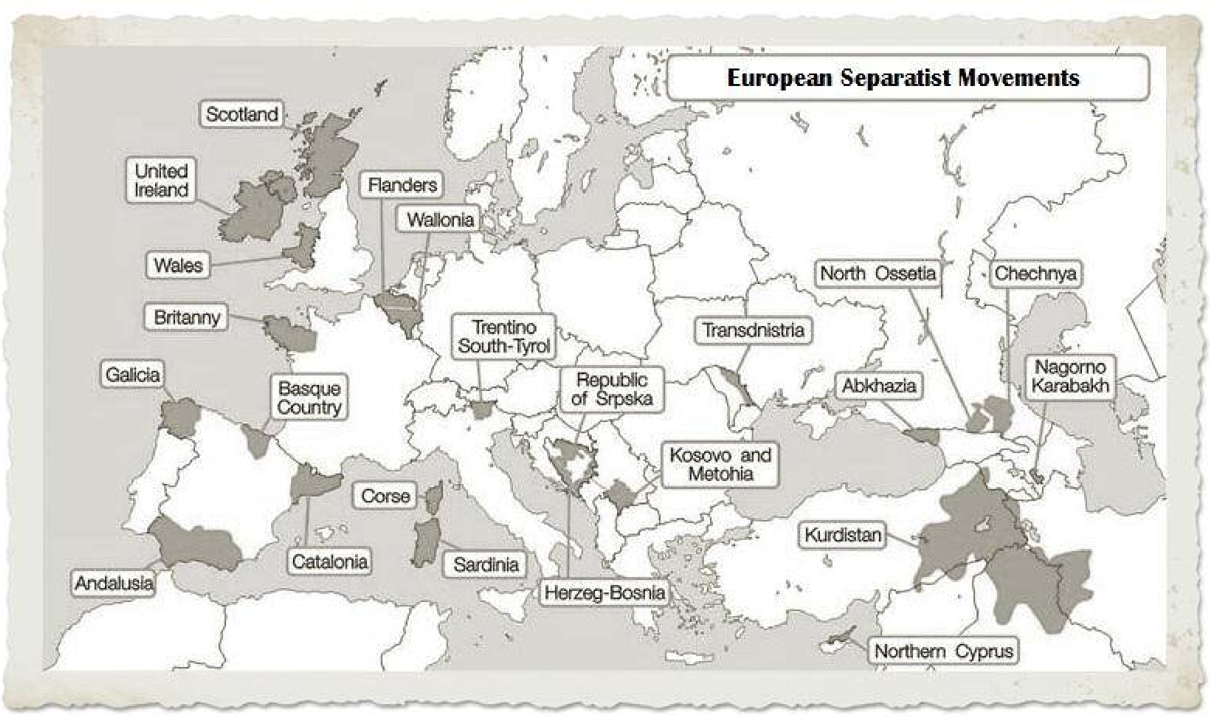


That same reason why the politicians did not believe that they could sell a united Europe with a single debt to the people in 1998 is the underlying element of the necessary component for the cycle of Europe – division and separatist processes. Before this current Economic Confidence Model Wave 51.6 years peaks in 2032.95, there may be actually more than 10 new states that emerge in Europe.

Probably the most well-known separatists are in the Basque Country of Spain. In Spain, there are about two million Basques that live in three provinces of what is called Basque Country who are perhaps the most traditional example of European separatism. The Basque Country has living standards that are above the average and they have a solid political powerbase. Basque is even recognized as an official language. Nonetheless, the diehard advocates of secession from Spain (to be merged with the Basque-populated part of France) have been around for a long time. Francisco Franco was responsible for the growth of separatism. It was Franco who dictated that the Basques were not allowed to publish books and newspapers and were not allowed to teach their own language to their children or give them even Basque names. Their once proud national flag was banned. ***Euskadi Ta Askatasuna*** (ETA) (*Basque for "Basque Homeland and Freedom"*) was set up in 1959 as an anti-Franco party. Franco has long been dead and the Basque Country has received the autonomous status, but separatism runs deep in that region.

Catalonia, an autonomous province in the north-east of Spain, also has its own language and culture. Indeed, the Catalans have always stressed their separate identity in Spain. Their province enjoys extensive autonomy in Spain, and a constitutional monarchy. There is also a rising left-wing in Catalonia, which also advocates cessation from Spain. Their goal is to hold a referendum on independence until 2014. Then there is the Spanish province, Valencia, which also received a new autonomous status in July 2007.

The French have a long-standing experience of resisting separatism. That is illustrated with the Mediterranean island of Corsica from which Napoleon emerged. The French parliament had actually recognized the existence of the Corsican nation. This decision was later cancelled, however, as contradicting the Constitution of the French Republic. Nevertheless, the Corsican national groups have historically clashed with the French army even during the middle 1970s. The Corsican Nationalist Union and the Movement for Self-Determination are the biggest and most influential among these groups. Both have combat units. In the last 25 years, the island's status was upgraded twice - in 1982 and 1990 the local authorities were given increasingly broad powers in the economy, agriculture, energy industry, transportation, education, and culture. The separatist movement in Corsica always raises its head in times of economic stress.



Then there is the Savoy region that is often overlooked. Savoy in the South-East of France is the geographical origin of the ***Savoia House***, which reigned over Italy, but the region was incorporated to France in 1860, and its inhabitants do not consider themselves as Italians. Again, there have been ongoing separatist movements for a long time. Once more they have their own unique language that is French based. Historically, there have been three main regionalist/separatist movements in Savoy:

- *Mouvement Région Savoie, founded in 1971, regionalist but not separatist;*
- *La Région Savoie, j'y crois [I believe in Region Savoy], a movement founded in 1999 by local politicians, asking for the formation of a Region Savoy separated from Region Rhône-Alpes;*
- *The Savoisian League (Ligue Savoisienne), founded on the model of the Italian Northern League, asking for independence and rejection of the annexation treaty to France of 1865.*

The Breton Revolutionary Army (BRA) has operated in Bretagne (Brittany), a north-western French province, since the early 1970s. The descendants of the Celts, who once came from the British Isles, do not identify themselves fully with the French, or consider themselves special among other French citizens. Historically, they were even part of Britain with their own coinage. In 1340 Edward III assumed the title of "king of England and France" (26 January), and concluded a military alliance with the Flemish. Edward III's fleet defeated the French fleet at Sluys [l'Écluse] on the 24th of June, 1340. In 1341, the death of the Jean III, duke of Brittany, led to a war of succession (1341-64) for the duchy between Charles de Blois (supported by the French king) and Jean de Montfort (supported by the English king). So a separatist movement in Brittany has very deep roots. Even today, during censuses, many of the residents still call themselves Bretons although put French as their native tongue. The BRA (apparently named by analogy with the Irish Republican Army - IRA) belongs to the extremist wing of the nationalist movement Emgann, which is fighting against the "French oppressors."

1340 Battle of Sluys English defeat French
from a late fifteenth-century Froissart's Chonicles

In Italy, the separatist attitudes are strong in the industrially advanced northern regions. The influential League of the North has so far given up its demand of secession and insists on Italy becoming a federation. There are also people wishing to see South Tirol, which Italy received after WWI, reunited with Austria. But as economic stress rises, there is a stirring pot where the north is fed up with the south especially Naples and Sicily, which they regard as Italy's version of Greece. With the aggressive tax hunting that is now going on especially in northern Italy, the cry for separatism is growing louder. These policies are easily capable of breaking Italy apart. Keep in mind that Italy was the last to become a unified national state. Italy was traditionally city states into the middle ages. It was Genoa, Florence, and Venice that were fierce competitors. Even after the fall of Rome in 476AD, the Byzantines managed to hold on to the north and reestablished their administrative capital moving it from Rome to Ravenna. So there has always been a long tradition of north v south. It was the north where international trade and banking were reborn following the Dark Ages because of those old ties to Byzantium (Constantinople).

In Belgium there is the separatist movement in northern Flanders (whose residents speak Dutch and are leaning towards the Netherlands) and southern French-speaking Wallonia. The differences are again economic highlighted by language. This confrontation between Belgium's two linguistic communities is rooted in the beginning of Belgium's independent history when the Walloons and the Flemish formed a union against the Netherlands. Having once united in the name of freedom, they have been trying to break apart for almost two centuries. This time, the economic downturn is fierce and provides the fuel perhaps to make this happen. The north takes the position that Flanders has to "feed" the Walloon Region. The recent polls show that more than 60% of the Flemish and over 40% of the Walloons believe that Belgium may disintegrate.

Over in Denmark there is the Faeroe Islands which are a semi-autonomous territory. They are seen as living on the government's subsidies of almost $170 million a year. The rest of Denmark is starting to see the drain. However, the local separatists on the Faeroe Islands have no real support when the people would lose their subsidies. If they disappeared, separatists would emerge quickly. Perhaps that would force many dependent residents to start to produce.

Switzerland is probably the most stable. Nonetheless, there are some voices that still cry for their own separatist movements. They are the ***Front for the Liberation of Yura*** which has been demanding this canton's independence from the confederation for over 30 years. Previously, Yura was inhabited by French-speaking Catholics was transferred to the canton of Bern with its predominantly German-speaking Protestant population. The Front's leaders admit that their chances of success are minimal and there is no real concern here.

Not far from Belgrade you will find Vojvodina, which is a Serbian autonomous region located some 35 km (22 miles) away. The Alliance of Vojvodina's Magyars, whose representatives control almost 70% of the region's territory, demand a republican status for the region. A referendum on secession from Serbia and a confederation with Hungary is the goal. The Association even asked the European Union to send a mission to study the situation. Hungarians now account for more than 40% of the region's population. Once more, it is language and economics as the driving force.

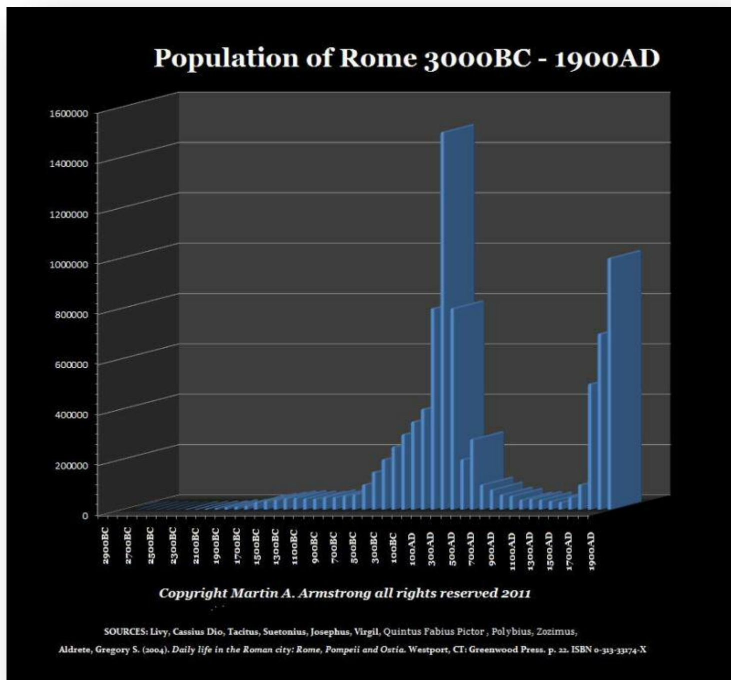
In the home of Dracula, we also find a rising voice for separatism. This is in the developing region known as Romanian Transylvania (in 1940-1945 it belonged to Hungary; in 1919-1939 to Romania; and before that to Austria-Hungary). The percentage of Hungarians there already exceeds 45%. The Union for the Revival of Hungarian Transylvania, set up under Ceausescu, has already held referendums on territorial autonomy in three Transylvanian districts. The local Hungarians expressed themselves for the maximal autonomy from Bucharest and independent relations with Budapest. The economic crisis and language is once again the driving force.

There are slogan of "anti-colonialism" rising in Italian Sardinia. Even over in Austria the provinces of Stiria and predominantly Carinthia, which are mostly populated by the Croatians and Slovenians, are also calling for separatism. The South Albanian Greeks are also demanding to separate. The residents of the Portuguese Azores have also become increasingly active in demanding autonomy. It is economics that is always the driving force.

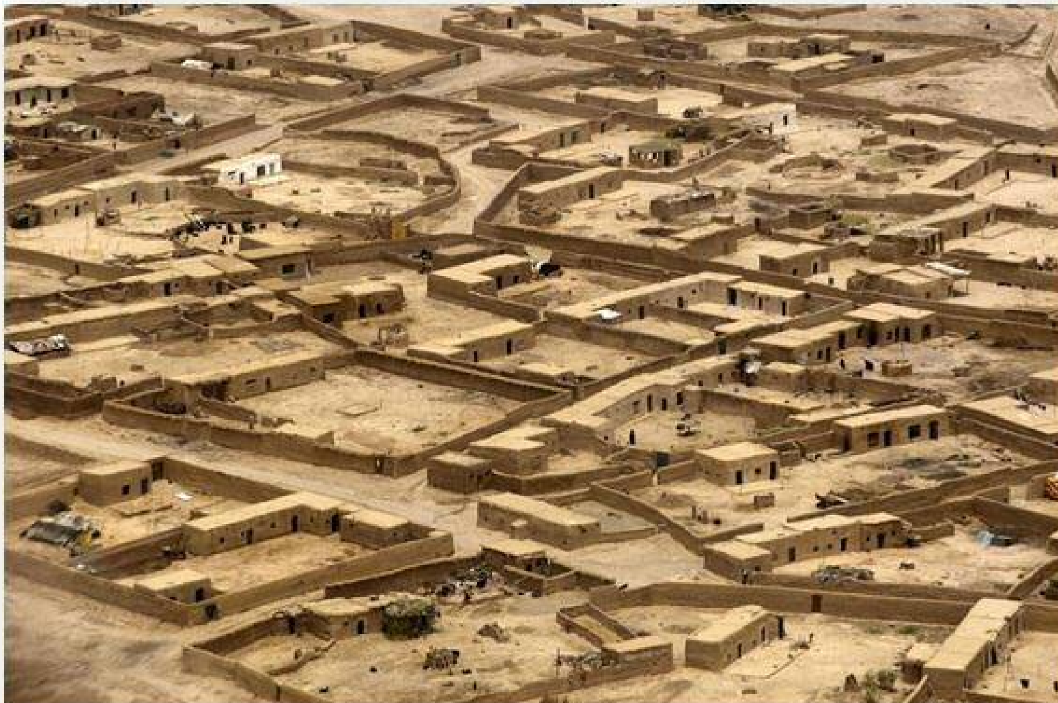
In Britain, the separatist attitudes have reemerged in the recent Scottish parliamentary elections which were won by the supporters of the formation of a new independent state from the Scottish National Party (SNP). The pools show about 25% of Scots support the idea of their independence. Once again, it is economics that fuels the engine of separatism.

In the UK, the EU is less of a toxic issue in Scotland than in England. Eurosceptic or Europhobic conservatism has been really just minority sports to watch on the sidelines. They are far more predominant in England. If, by the time of Scotland's date with destiny in 2014 arrives in sync with our cycle for political unrest in 2014 turns up, there will be a higher probability that the economic conditions will push that vote for separatism. That is when civil unrest will begin to rise and by 2016 we may even see the rise of third party in the United States. Insofar as Britain is concerned, the Scottish vote comes in line with our model and it looks as though a Conservative government in London is leading Britain to the EU exit, support for independence may be boosted. This whole Euro idea has completely failed to unite Europe because the politicians refused to consolidate the debts from the outset. You simply **CANNOT** create a single currency without a single debt. That would have zeroed everyone debts out and any new debt would have been the individual states which would **NEVER** have been acceptable for bank reserves.

What is not understood clearly is that there is traditionally a cycle also in civilization. It is economics that brings people together to form political unions and states. It is the reason mankind formed tribes in the Stone Age. Sometimes working together produces benefits. However, once someone assumes control and sees himself as being special, trouble begins. For that power over others leads to the eternal sea of political change.



Plotting the rise and fall of the population of Rome illustrates the danger that we face with the rising separatistic movements. People have come together to form political states and will remain there as long as they see a benefit. Once Marxism began this justification that those in power could take whatever they desire from the productive class and hand it to the majority to sustain their power, they cycle of destruction was starting to swing in the opposite direction. These states are hunting down and destroying the production portion of their society to now pay the bondholders. As this process continues, more people want to leave. In the case of Rome they called it the flight from the high taxes cities to ***"suburbium"*** that eventually became the feudal system of the Dark Ages. People left Rome for the suburbs as we call it today fleeing the high taxes and crime back then as it exists today.

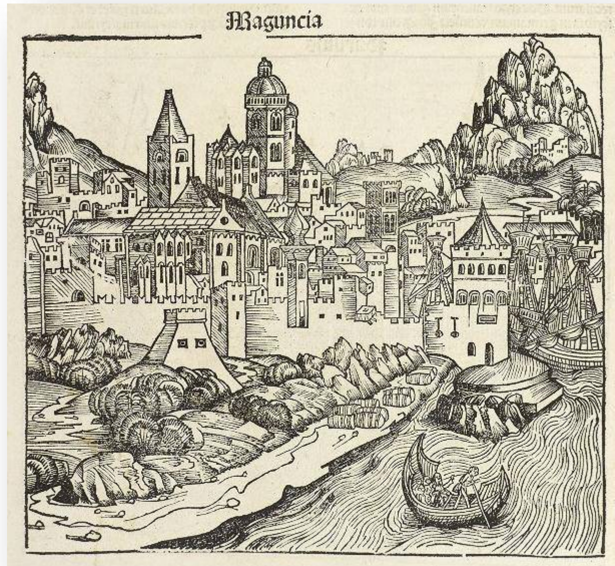


The Earliest Cities began to appear about 6700BC like Catal Huyuk

It is the difference between the Villa Economy where people need little money and are self-contained and the synergy achieved by the urban economy of everyone coming together. Evidence of this cycle where people come together and then break apart goes back to one of the earliest cities to be discovered – Catal Huyuk about 6700BC. We have to comprehend that there is a cycle to the rise and fall of empires, nations, and city states. No such group has EVER survived and what breaks they apart is none other than corruption and abuse where the rulers see the citizens as economic slaves. Even the United States views its citizens that way. Americans are taxes on their income worldwide even if they were born by American parents in a foreign land and never visit the United States they owe taxes to the United States for simply being born American. That is not the land of the free and the home of the brave. That is economic slavery.

One of the best examples of how the same pattern of economic debt drives empires, nations, and city states to disintegrate is the City of Mainz. This is where the Guttenberg Press was invented and this led to an economic boom for the city. Money was flowing in from surrounding cities to take advantage of this new technology. The politicians became greedy and began to raise taxes and then borrowed against what they thought would be future tax revenues.

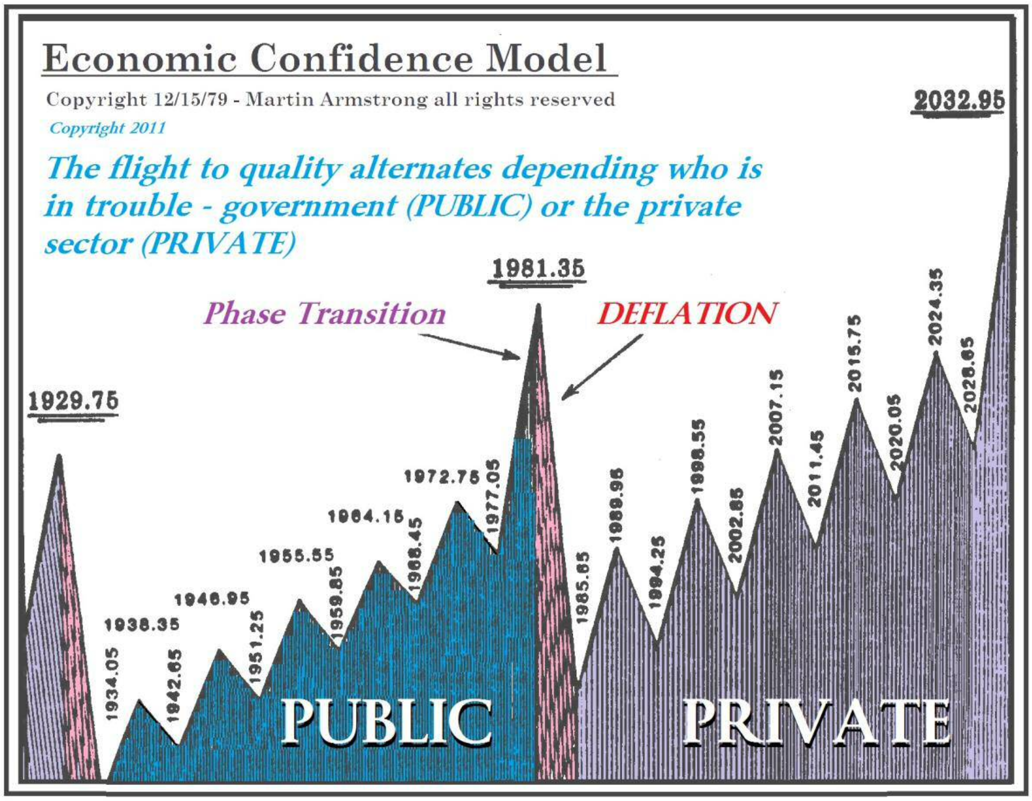
The pattern of events is simply like a Shakespeare play. They plot never changes – only the actors. By 1411, the government of Mainz's interest expenditures reached 48% of revenue because they had issued annuities that paid interest.



By 1437, government expenditures of Mainz reached 75% of revenue. We are in the same position today. They were issuing new debt simply to pay off the expiring debt, which is standard practice today. By 1448, Mainz was forced into bankruptcy when there were no longer buyers for its new debt and they could not pay the expiring debt. Eventually, they had weakened their economy by chasing out the productive forces and they were then invaded, sacked what could be taken, and the city was burned to the ground

Yet every time there has been a stock market crash, government responds with some investigation that never looks at its own actions. They try to blame the entire event on one person. President Herbert Hoover wrote in his Memoirs concerning the Senate investigations into the collapse of the stock market from 1929: ***"when representative government becomes angered, it will burn down the barn to get a rat out of it."*** Id./Vol II, pg 129. Never once has any investigation discovered that mythical person that overpowered everyone and created the event.

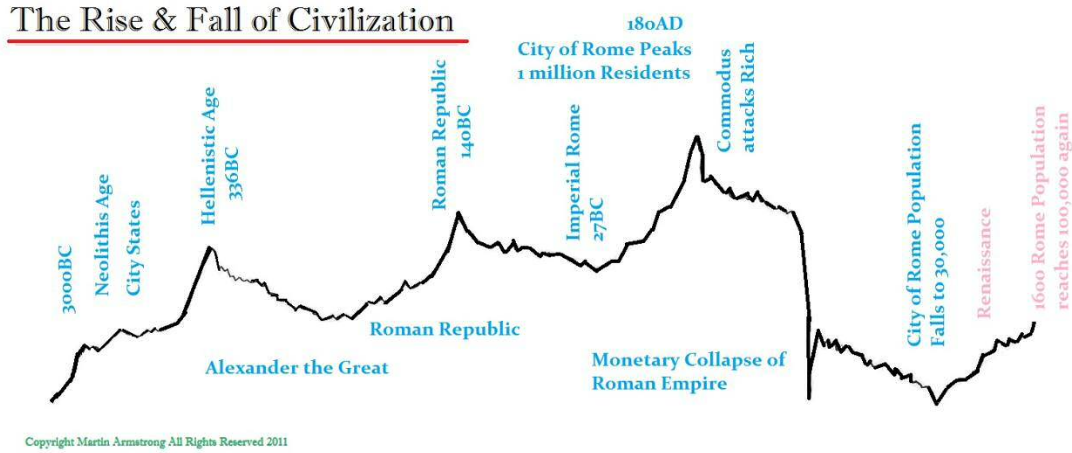
Government simply fails to comprehend that what makes things move has always been two camps of confidence. When the majority move to one side in a market, then things can get very interesting. If the majority is bullish, they begin to count their profits before they are made. Expectations at the top of a market move upward exponentially. When silver peaked in 1980 at $54, the cry was $100 silver. When the Nikkei 225 peaked in 1989 at 40,000, the Japanese were calling for 100,000. Something takes place that scares the crowds. They then try to sell, but because the majority is bullish, that provides the greatest reservoir of sellers. They try to sell and there is no bid. This results in a "flash crash" that in reality is simply an air pocket.



Over time, the shift in confidence becomes obvious regardless of what is the subject matter. We see it in politics. The economy will swing negative and who do we elect, typically the opposite party. Markets are the same. It is the shift between who you trust – the private sector or the public sector. Both reach a peak, collapse, and the subsequent generation begins to move opposite of the previous.

George Wilhelm Friedrich Hegel's (1770-1831) **Dialectical Scheme** also has grasped this concept of the **Business Cycle** whereby the progress of history and thinking of mankind emerge from thesis to antithesis and hence this blends into a higher and richer synthesis. Hegel indeed applied his **Dialectical Scheme** in detail to religion, politics, logic, aesthetics, history and ethics. These two opposing forces that coexist at all times in everything are the true driving force behind the entire cyclical nature of events. Hegel's views that what emerges being a higher synthesis is a different way of explaining the "***Creative Destruction***" force of Schumpeter.

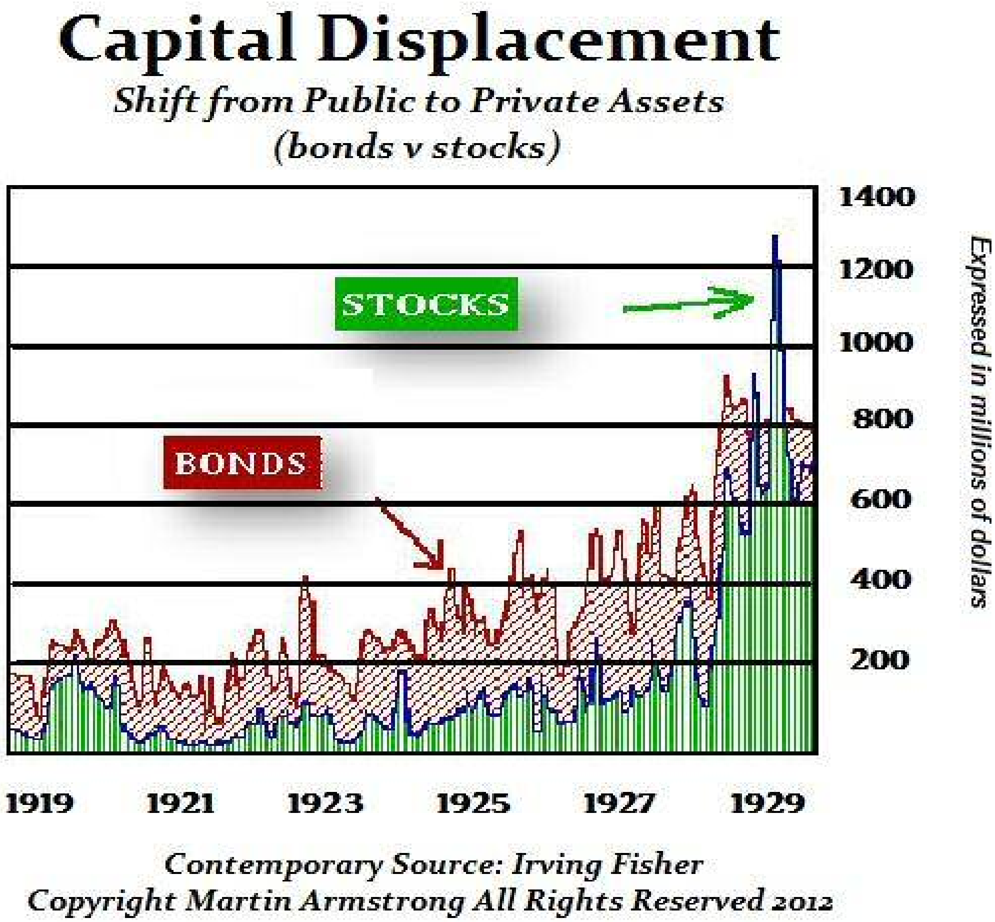
George Wilhelm Friedrich Hegel (1770-1831)



A common example of Hegel's **Dialectical Scheme** is the subject of **LIBERTY**. A savage has total **LIBERTY** insofar as he can do as he likes, provided he is also just a nomad. He comes to surrender part of the **LIBERTY** in return for its opposite, to live in a collective society under rules. The synthesis emerges insofar as the savage now has greater **LIBERTY** in a collective society. While this example may in fact confuse the evolution of society at one level, it does not deal with how that collective state then collapses or why. Eventually, the individual is asked to give up more and more of their **LIBERTY** for the state is never satisfied with its present power. At some point, that denial of **LIBERTY** is no longer acceptable and the alternative becomes the dissolution of the state (revolution). Hence, even the rise and fall of empires as well as civilization possesses this inherent dynamic quality of moving between two extremes. It is the engine that drives everything including the contest between the bulls and the bears in all market activity. Understanding the existence of this force will allow you to make a rational decision instead of being driven the emotions of the majority.

Through years of fundamental case study analysis, it became abundantly clear that capital moved distinctly different in one 51.6 year wave when compared to another. This difference followed an oscillating trend that moved back and forth from one 51.6 year wave to the next. In studying how capital reacted, it became clear that the it moved back and forth between trusting government and the private sector. For example, during the 1929 wave, capital investment was quite intense in the private sector and the entire era was labeled the Roaring '20s. The prevailing atmosphere was one of tremendous confidence. Britain had peaked as the Financial Capital of the World in 1914. America was emerging as the new financial center as Europe was trying to

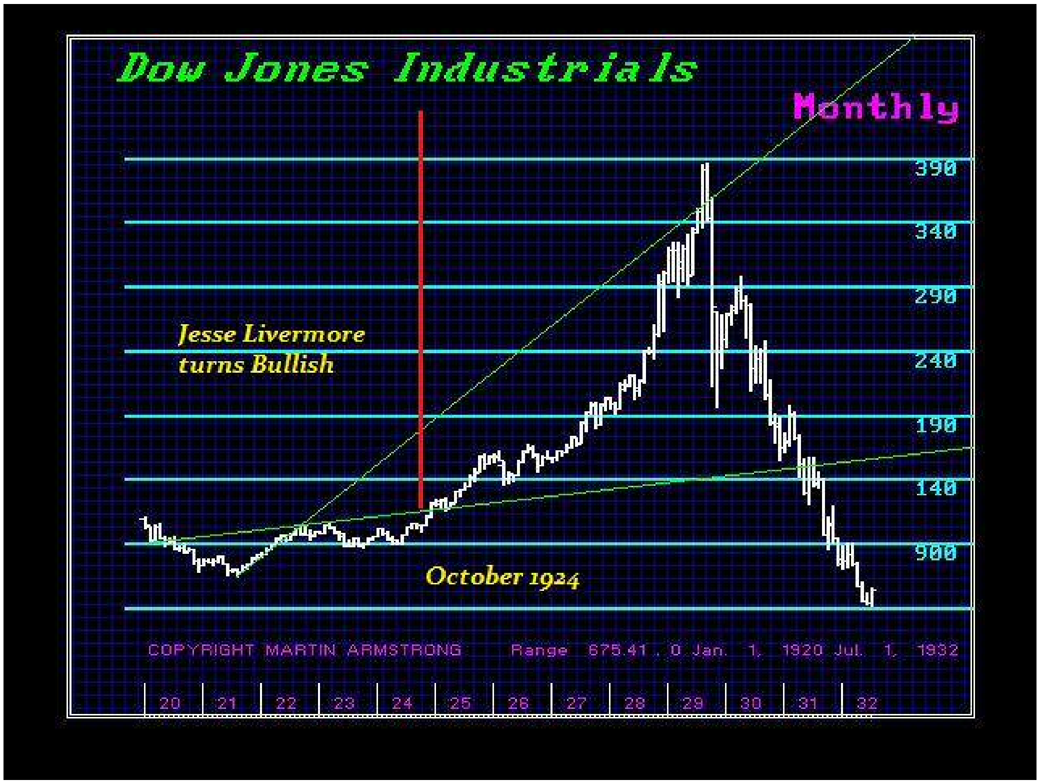
rebuild from the ashes of World War I. This confidence was manifest in private investments. There was the development of the automobile that was even commemorated on stamps as well as the beginning of airmail even in mailing your letters that started in 1918.



As we look at the markets today, what comes to mind is the similar pattern of how markets keep moving to retest the high. There is one golden rule – markets **NEVER** give you more than one chance to sell a major high. Many of the markets have rallied back to retest their former highs like the Dow Jones in the United States as well as India in Asia. We are at the precipice of a major change in trend. This is the shift from **PUBLIC** assets (bonds) to **PRIVATE** assets in the tangible world from stocks to commodities.

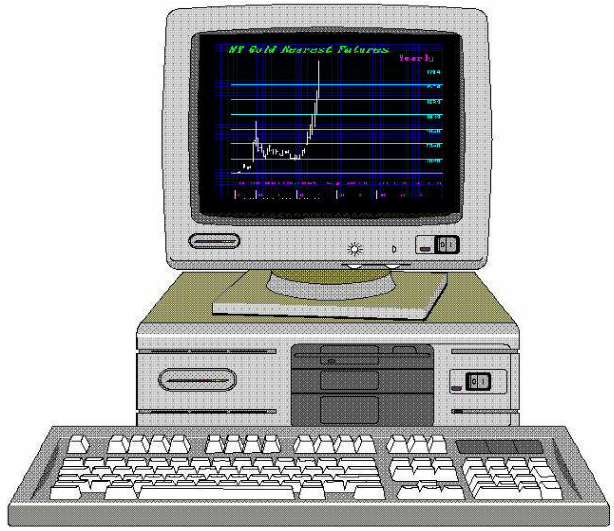
The February 25th, 1924 edition of Time magazine, reported the comments of the famous trader Jesse Livermore. They wrote:

> ***"At this stage, enters Mr. Livermore, the noted operator. His last two main prophecies on the stock market had been sufficiently fulfilled so that he had attracted considerable speculative following. From his vantage point in Miami, he sent a statement to the press which was widely published, although the Wall Street Journal refused to include it in its columns."***



Jesse Livermore turned bullish. The Wall Street Journal accused him of trying to influence the presidential elections. Jesse was correct. The market took off. We are at a similar position currently. As the ***Sovereign Debt Crisis*** expands, interest rates have been kept exceptionally low. Dividends are becoming far more attractive than bank deposits and bonds. This is what Jesse was also looking at. Interest rates were lower than the dividends. The market responded to the disparity and we are in the very similar position today.

Capital appeared to be more "confident" in the private investment sector as opposed to that of the public sector represented by government bonds. As the subsequent **PUBLIC** wave that peaked in 1981.35 with that being the high in interest rates, the overall higher levels of volatility that have emerged ever since also reflects a greater level of uncertainty about government. This is building month by month during this 51.6 year wave that does not peak until 2032. The ***"confidence"*** on the part of capital in sovereign debt has been shaken – but not yet stirred. We should begin to see this shift become more prominent in 2013. Banks have kept the rate they pay for capital so low, a completely different psychology is starting to emerge within capital investment. Capital will shift to investment and the tremendous concentration of capital in government bond markets is also about to shift. As capital migrates, interest rates will rise. This is the necessary key to confirm that the trend is changing.



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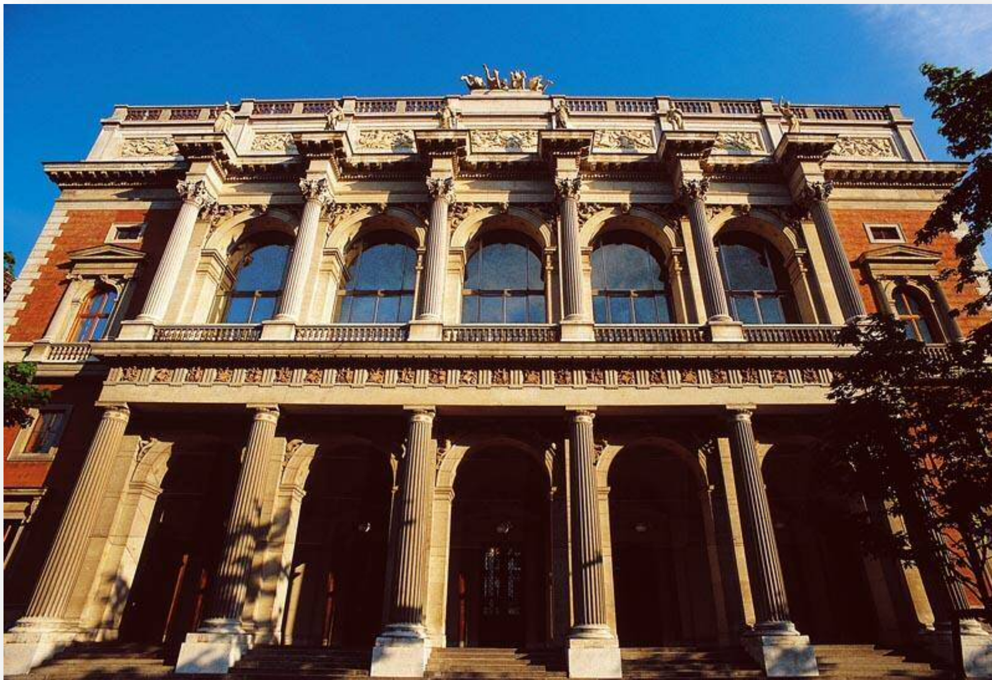
A TECHNICAL OUTLOOK FOR AUSTRIAN ATX



The Austrian share market has followed the **Economic Confidence Model** very nicely. It peaked on May 26th, 1998 at 163023 and made its retest of that high on July 22nd, 1998 with the highest closing and intraday on the 23rd which was 42 days following the May high. It collapsed with the ***Long-Term Capital Management*** debacle bottoming on October 2nd at 94960. Thereafter, the ATX eventually traded sideways until it bottomed at 99123 on Thursday, October 10th, 2002. From there, the ATX went through a bold Phase Transition with a dramatic rally into 2007. We got the Panic on February 27th, 2007, and the final rally high came July 9th, 2007 at 501093. The ATX then collapsed producing the lowest monthly closing precisely in **19 months** – February 2009 (a major period for decline is always units of 19 as was the case for gold 1980-1999 being 19 years).

The Yearly Bearish Reversals in the Austrian ATX Cash lie at 111500, 100000, and 71000. No Yearly Bearish Reversals have been elected to date. Last year 2011 was an outside reversal to the downside reaching a low in November 2011 closing the year at 189168. So far 2012 has consolidated holding with the trading range of 2011. The highest we have been able to reach so far has been 224118 established on November 7th, 2012.

GDP (purchasing power parity)
$351.4 billion (2011 est.)
$340.2 billion (2010 est.)
$333.1 billion (2009 est.)
note: data are in 2011 US dollars

GDP (official exchange rate)
$425.1 billion (2011 est.)
GDP - real growth rate
3.3% (2011 est.)
2.1% (2010 est.)
-3.9% (2009 est.)

GDP - per capita (PPP)
$41,700 (2011 est.)
$40,600 (2010 est.)
$39,800 (2009 est.)
note: data are in 2011 US dollars

GDP - composition by sector
agriculture: 1.5%
industry: 29.4%
services: 69.1% (2011 est.)

Population below poverty line
6% (2008)

Labor force
3.668 million (2011 est.)

Labor force - by occupation
agriculture: 5.5%
industry: 27.5%
services: 67% (2009 est.)

Unemployment rate
4.2% (2011 est.)
6.9% (2010 est.)

Unemployment, youth ages 15-24
total: 10%
male: 10.5%
female: 9.4% (2009)

Household income or consumption by percentage share
lowest 10%: 4%
highest 10%: 22% (2007)

Distribution of family income - Gini index
26 (2007)
31 (1995)

Investment (gross fixed)
21% of GDP (2011 est.)

Budget
revenues: $202.6 billion
expenditures: $216.6 billion (2011 est.)

Taxes and other revenues
48% of GDP (2011 est.)
Budget surplus (+) or deficit (-)
-3.6% of GDP (2011 est.)

Right now a monthly closing **BELOW** 194500 will signal a retest of the 2011 low is now possible. Only a monthly closing **ABOVE** 258670 will suggest that further upside should follow thereafter. The Yearly Timing Models also show Directional Changes due back-to-back in 2013 and 2014. This is warning that we are looking ahead at some very choppy markets.

Next year 2013 is a turning point followed by 2016 which is also a Panic Cycle. Volatility rises into 2018 and we have another Panic Cycle on the Yearly Model for 2021. A closing for 2012 **BELOW** 163785 at yearend will signal that we may see a retest of the 2009 low with a potential to make a new low.

The technical support lies at 131100 during 2012 and 128880 moving into 2013. The 2009 low formed at 137986. Therefore, we cannot rule out a new low. However, we do not see it as a drastic move below that of 2009. The Yearly Bearish Reversal lies at 111500 and this represents most likely the worst case scenario for any decline.

The Quarterly Timing Models show Directional Changes the 4th Quarter 2012 and 2nd Quarter 2013. Turning points are the 4th Quarter 2012 and the 4th Quarter 2013 with the major target being the 2nd Quarter 2014. There is a small turning point due the 2nd Quarter 2013.

On the Monthly level, we have a turning point in November, which appears to be a reaction high. Thereafter, the next turning point is January where we also have a Panic Cycle that appeared in many Asian markets as well. This is followed by March with rising volatility in May and August and turning points in July and October. There will be a Panic Cycle due also in October.

AUSTRIAN
Economic - overview

Austria, with its well-developed market economy, skilled labor force, and high standard of living, is closely tied to other EU economies, especially Germany's. However, its tax collection is 42.9% of GDPO and its debt is 49% of GDP. This does not speak well for long-term economic growth. Its economy features a large service sector, industrial sector, and a small agricultural sector. Following several years of strong demand for its exports, record employment growth took place. The global financial crisis of 2007 led to a sharp recession. GDP contracted 3.9% in 2009 but saw positive growth of about 2% in 2010 and 3% in 2011. Unemployment did not rise sharply as elsewhere in Europe, due to0 government subsidized reduced working hour schemes to allow companies to retain employees. Stimulus spending, and an income tax reform pushed the budget deficit to 4.7% in 2010 and 3.6% in 2011, from only about 1.3% in 2008. The '07 Global financial crisis caused difficulties for its largest banks whose lent into central, eastern, and southeastern Europe. The bank bailouts included some nationalization. Its fiscal position compares favorably with other Eurozone countries, but its banks continued high exposure to central and Eastern Europe loans. In 2011 the government attempted to pass a constitutional amendment limiting public debt to 60% of GDP by 2020, but it was unable to obtain sufficient support in parliament and instead passed the measure as a simple law. In March 2012, the Austrian parliament approved an austerity budget that will bring public finances into balance by 2016 so they claim.

Public debt
72.1% of GDP (2011 est.)
72.3% of GDP (2010 est.)
note: this is general government gross debt, defined in the Maastricht Treaty as consolidated general government gross debt at nominal value, outstanding at the end of the year; it covers the following categories of government liabilities (as defined in ESA95): currency and deposits (AF.2), securities other than shares excluding financial derivatives (AF.3, excluding AF.34), and loans (AF.4); the general government sector comprises the sub-sectors of central government, state government, local government and social security funds; as a percentage of GDP, the GDP used as a denominator is the gross domestic product in current year prices

Inflation rate (consumer prices)
3.3% (2011 est.)
1.7% (2010 est.)

Commercial bank prime lending rate
3% (31 December 2011 est.)
2.564% (31 December 2010 est.)

Stock of narrow money
$190.2 billion (31 December 2011 est.)
$172.1 billion (31 December 2010 est.)
note: see entry for the European Union for money supply for the entire euro area; the European Central Bank (ECB) controls monetary policy for the 17 members of the Economic and Monetary Union (EMU); individual members of the EMU do not control the quantity of money circulating within their own borders

Stock of broad money
$439.3 billion (31 December 2011 est.)
$401.7 billion (31 December 2010 est.)

Stock of domestic credit
$573.3 billion (31 December 2011 est.)
$659.2 billion (31 December 2009 est.)

Market value of publicly traded shares
$118 billion (31 December 2010)
$107.2 billion (31 December 2009)
$72.3 billion (31 December 2008)

Current Account Balance
$12 billion (2011 est.)
$10.56 billion (2010 est.)

Exports
$180.7 billion (2011 est.)
$147.5 billion (2010 est.)
Imports
$183.1 billion (2011 est.)
$151.8 billion (2010 est.)

Reserves of foreign exchange and gold
$22.28 billion (31 December 2010 est.)

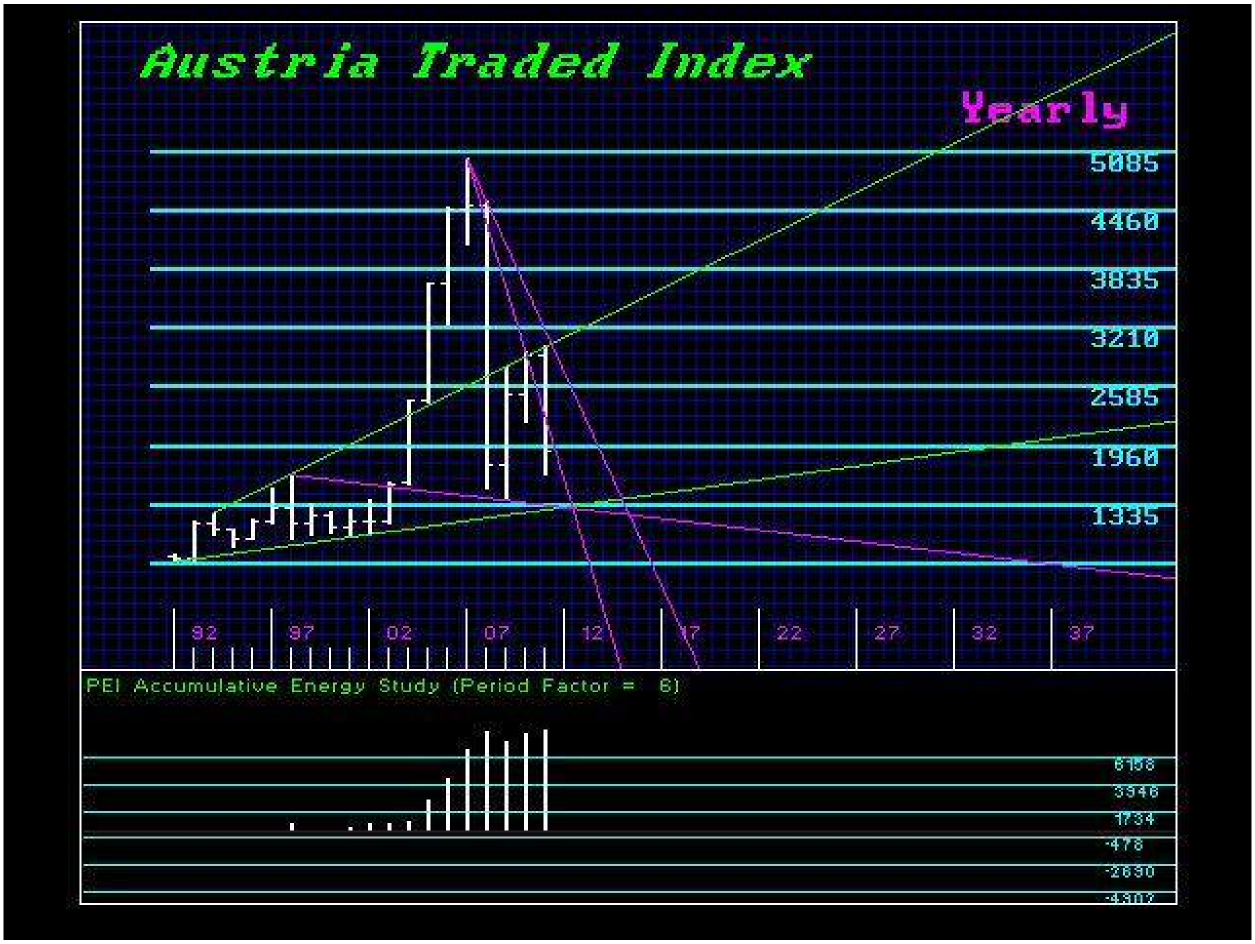
Debt - external
$883.5 billion (30 June 2011)
$755 billion (30 June 2010)

Stock of direct foreign investment - at home
$261.8 billion (31 December 2011 est.)
$259.4 billion (31 December 2010 est.)

Stock of direct foreign investment - abroad
$259.8 billion (31 December 2011 est.)
$269.5 billion (31 December 2010 est.)

Fiscal year
calendar year

YEARLY LEVEL



This year in the **Austrian ATX** on the Yearly level, short-term momentum indicators are neutral. Short-term trend, on the other hand, is in a bearish posture. As far as the Yearly, we find that the intermediate indicators are bullish. This suggests that the 115515 level is where intermediate support will be found. On the broader perspective, the Cyclical Strength Model is currently bullish. Everything on the long-term models, including momentum and trend, is still in the bullish mode on the Yearly level. Therefore, support appears to rest under the market at the 154500 and 149283 levels. Resistance will be found residing above the market at 243634, 277500 and 454923 levels. Looking ahead into 2013, we see resistance forming at 219530, 240000, 277510, and 295225. Support will lie at the 137884 level followed by 123855. A closing **BELOW** 189168 for 2012 will warn that we may yet see new lows or a retest of the 2009 low during 2013.

YEARLY REVERSAL SYSTEM

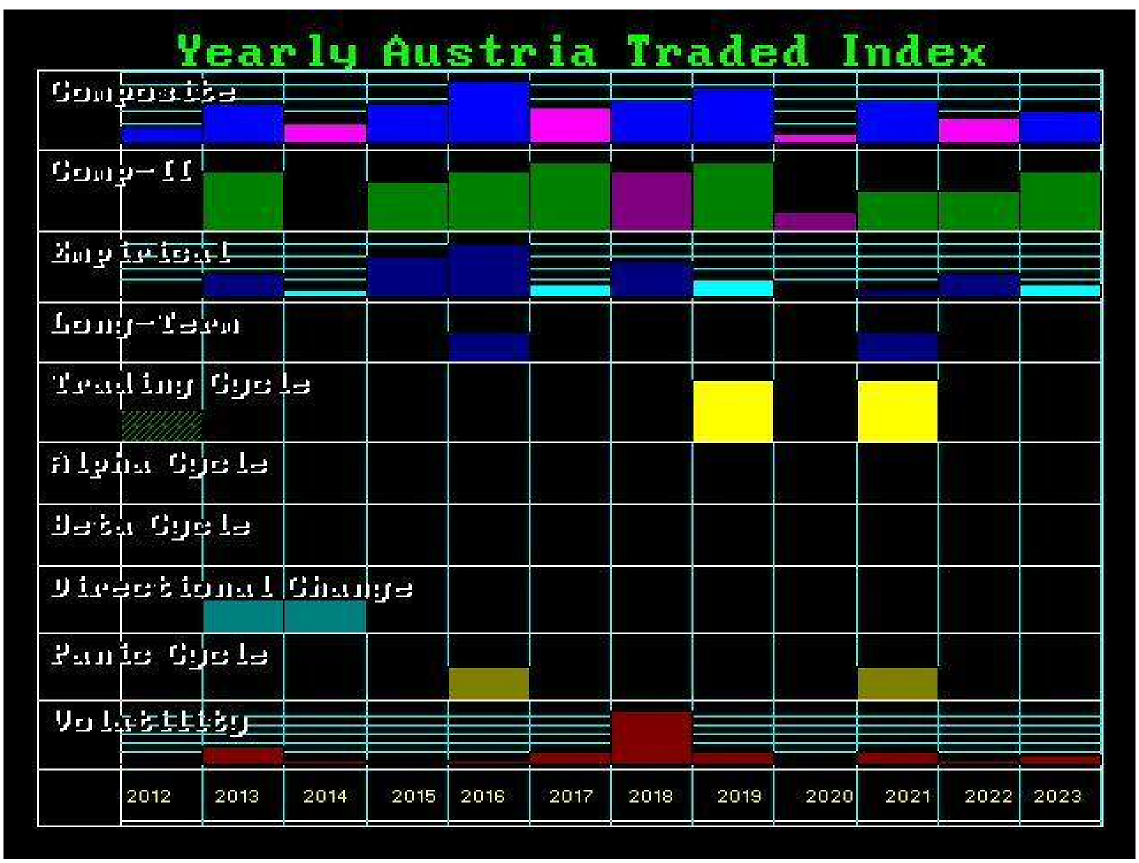
At this time, the Major Yearly Bearish Reversals are 111500, 100000, and 71000. Consequently, only a yearly closing **BELOW** 111500 will signal that an immediate downtrend could unfold leading to a renewed bear market ahead. When we look at the Minor level, our Yearly Bearish Reversals are found at 163780, 99120 and 88140. Consequently, only a yearly closing **BELOW** 99123 will signal that a sell-off is likely to follow. Nonetheless, only a close below 16370 will suggest a reversal in long-term trend.

Presently, our Reversal System indicates that the Major Yearly Bullish Reversal is standing at 454925. Hence, only a yearly closing **ABOVE** 454925 will signal that an immediate uptrend should unfold thereafter.

Yearly Reversals

Major Bullish 454925
Major Bearish 111500 100000 71000
Minor Bearish 163780 99120 88140

YEARLY TIMING



On our empirical models, the ideal primary target for the next minor turning point on the yearly level remains 2013, particularly since our last target objective of 2011 produced a reaction high at 301278. If this new target objective is successful, we then expect to see a reaction in the opposite direction unfold on the next minor cycle target leading into 2016. Thereafter, a re-test of support should develop2018- 2019 becomes possible if 2016 produces a high. A cycle inversion would also be implied if the high of 2011 is exceeded without making a lower low. This could set the stage for the opposite pattern to develop with a low in 2016.

The key year for a turning point will be 2019.

Our Directional Change models indicate that turning points are due the years of 2013 and 2014. Our Panic Cycle Models suggest that higher volatility is due the years of 2016 and 201921.

Yearly Turning Points:

2013, (2014), 2016, 2019, (2020), 2021, 2023

YEARLY TECHNICAL OUTLOOK

RESISTANCE: 270243
SUPPORT: 157951 131158 130255

TABLE #1

Yearly Technical Projections

2012...	13025	13115	15795	27024
2013...	13025	12888	89323	22407
2014...	13025	12660	20695	17790
2015...	13025	12432	-----	13173
2016...	13025	12205	-----	85563
2017...	13025	11977	-----	39393
2018...	13025	11750	-----	-----

Yearly Indicating Ranges

Date	Momentum	Trend	Long-Term
2012	243634-95960	454923-115515	149283-137985
2013	277505-112195	367514-137986	219530-48569
2014	323869-94960	447480-163023	301300-219528

2012 MOMENTUM INDICATORS HLC 291330 173767 243057

QUARTERLY LEVEL

QUARTERLY REVERSAL SYSTEM

At this time, the Major Quarterly Bearish Reversals are 115730 and 99780. Consequently, only a quarterly closing **BELOW** 115730 will signal that an immediate downtrend could retest long-term support. When we look at the Minor level, our Quarterly Bearish Reversal resides at 194160, 177080, and 137970. Thereupon, only a quarterly closing **BELOW** 194160 will signal that a sell-off is likely to continue from here in the short-term. Nonetheless, only a close below 177080 will suggest a sharp drop to retest the next level down at 137970.

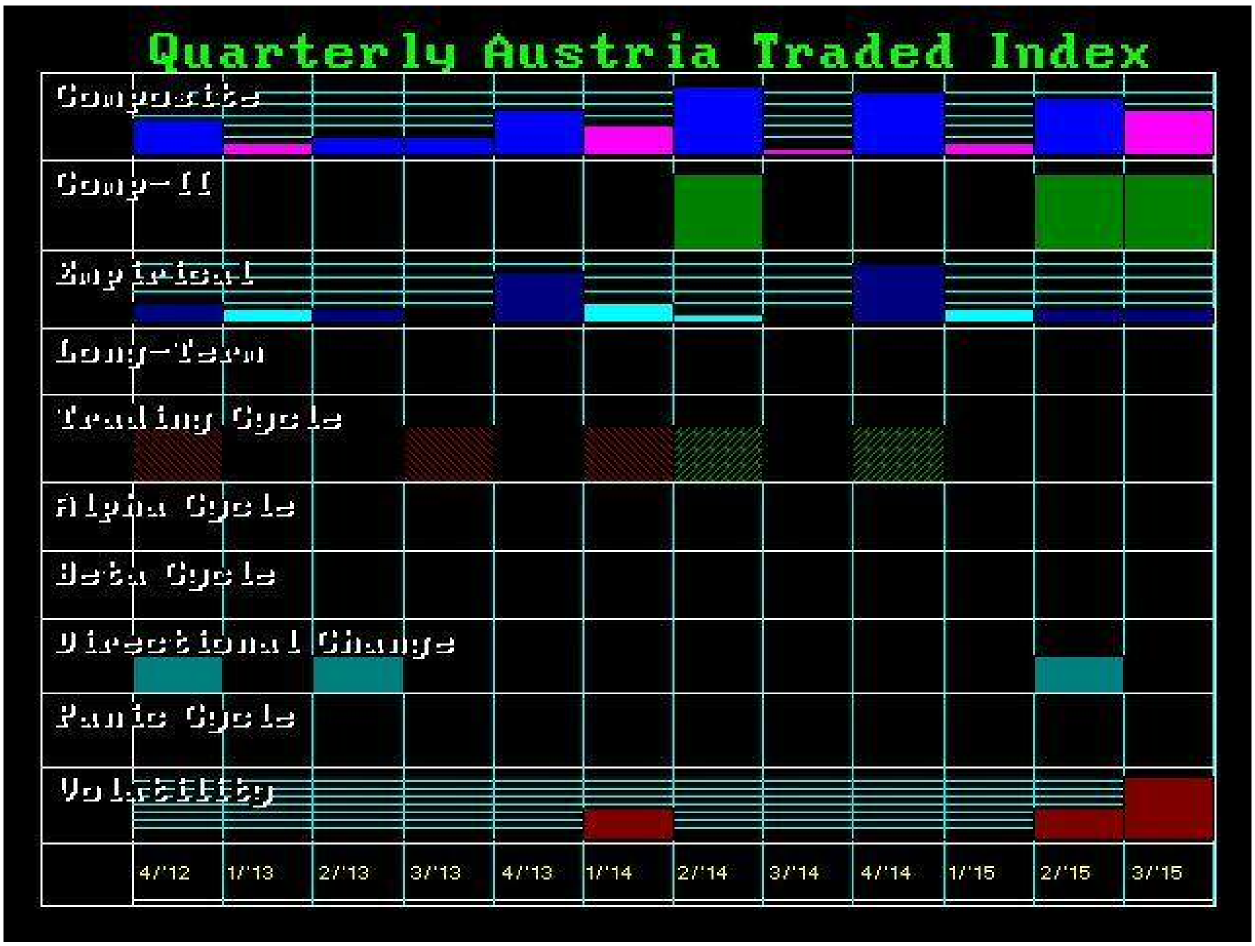
According to our Reversal System model, the Major Quarterly Bullish Reversals stand at 454925 and 472600. Our Minor Quarterly Bullish Reversals are 277520, 295220, 417140 and 489370.

We need to see at least a Quarterly closing **ABOVE** 277520 to suggest that further upside is possible. Otherwise, a retest of support is likely.

Quarterly Reversals

Minorr Bullish 277520 295220 417140 489370
Major Bullish 454925 472600
Major Bearish 115730 99780
Minor Bearish 194160 177080 137970

QUARTERLY TIMING



According to our empirical models, the ideal primary target for the next turning point on the quarterly level, remains 10/2012. If this new target objective is successful, we then expect to see a reaction in the opposite direction unfold on the next cycle target leading into 04/2013 and possibly extend into 10/2013. Thereafter, the next turning point should be 04/2014.

The key quarter for a turning point will be 07/2018.

Our Directional Change models indicate that turning points are due the quarters of 10/2012, 04/2013 and 04/2015.

Quarterly Turning Points:

10/2012, (04/2013), 10/2013, 04/2014, 10/2014, 04/2015

QUARTERLY TECHNICAL OUTLOOK

SUPPORT: 201370 130255 129252 99972

TABLE #2

Quarterly Technical Projections

10/2012...	99972	12925	13025	20137
01/2013...	87075	12867	13025	18709
04/2013...	74177	12808	13025	17282
07/2013...	61279	12750	13025	15855
10/2013...	48382	12692	13025	14428
01/2014...	35484	12634	13025	13000
04/2014...	22586	12575	13025	11573

Quarterly Indicating Ranges

Date	Momentum	Trend	Long-Term
10/2012	287458-149283	295208-163789	417284-211137
01/2013	264830-137986	301278-184802	459395-189938
04/2013	261694-165974	292974-183986	420131-217578

4TH QUARTER '2012 MOMENTUM INDICATORS HLC 221752 185605 207471

MONTHLY LEVEL

MONTHLY REVERSAL SYSTEM

Looking at the long-term level of our Reversal System, the Major Monthly Bullish Reversals are 441125, 482455 and 489370. Thus, only a monthly closing **ABOVE** 441125 will signal that an immediate uptrend should unfold thereafter. Our model currently shows that the Minor Monthly Bullish Reversals are 253385, 258665, 281440 and 293290. Accordingly, only a monthly closing **ABOVE** 253385 will signal that an immediate uptrend should unfold thereafter.

At this time, the Major Monthly Bearish Reversals are 142235, 134530, 131000, 115730, 111530, 113495, 110865, and 109945. Accordingly, only a monthly closing **BELOW** 142235 will signal that an immediate downtrend could become more dramatic in the near-term. This type of a closing would warn that we should expect further follow-through thereafter. When we look at the Minor level, our Monthly Bearish Reversal resides at 178960, 163295, 140270, and 137985. Unmistakably, only a monthly closing **BELOW** 163295 will signal that an immediate downtrend should unfold thereafter.

Monthly Reversals

Major Bullish 441125 482455 489370
Minor Bullish 253385 258665 281440 293290
Major Bearish 142235 134530 131000 115730 111530, 113495 110865 109945
Minor Bearish 178960 163295 140270 137985

MONTHLY TIMING

Looking at our empirical models, the ideal primary target for the next minor turning point on the monthly level remains 11/2012, followed by 01/2013 where we also have a Panic Cycle and 03/2013. Thereafter turning points appear to be 05/2013, 07/2013, and 10/2013.

The key month for a turning point will be 08/2015.

Our Panic Cycle Models suggest that higher volatility is due the months of 01/2013 and 10/2013.

Monthly Turning Points:

(12/2012), (01/2013), 05/2013, 07/2013, (08/2013)

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 292806
SUPPORT: 205638 186760 173465 92307

TABLE #3

Monthly Technical Projections

11/01...	92307	17346	18676	20563	29280
12/01...	91269	17427	18676	20323	29240
01/01...	90231	17507	18676	20083	29200
02/01...	89193	17588	18676	19842	29159
03/01...	88155	17669	18676	19602	29119
04/01...	87117	17749	18676	19362	29078
05/01...	86078	17830	18676	19121	29038

Monthly Indicating Ranges

Date	Momentum	Trend	Long-Term
11/2012	257463-188029	260726-202755	281440-210282
12/2012	217578-194516	265922-198087	282704-200932
01/2013	221011-177084	228805-186080	283858-200831

NOVEMBER MOMENTUM INDICATORS HLC 218734 201329 209681

A TECHNICAL OUTLOOK FOR BELGIUM 20

The **Brussels Bel 20** Share Index has been volatile over the years but after making a high in 1999, there were no Yearly Bearish Reversals elected. This allowed the market to rally from the intraday low established in 2003. Three Yearly Bullish Reversals were elected from the 2003 low and that resulted in the rally from 142506 up to 475901 for the 2007 high. Thereafter, we saw the traditional 2 year decline into 2009 but we have not yet elected any Yearly Bullish Reversals, which stand at 3419 and 4171.

Last year produced an outside reversal to the downside fulfilling the projection for a Panic Cycle year. The first level of critical support for 2012 year-end remains 1895. A closing beneath this level will warn of a retest of the 2009 low. We have not elected any Monthly Bullish Reversals from the November 2011 low. We need a monthly closing ABOVE 2566 to signal a bullish outcome. The highest we have been able to rally in 2012 came during September reaching only 2478.06. A monthly closing **BELOW** 2052 will signal a break to the downside.

During 2013 we see critical support at 1757 with resistance at 2522 and 2725. The Major Monthly Bearish lies at 1628. The 2009 low intraday was 1523.47, but the lowest monthly

GDP (purchasing power parity)
$412 billion (2011 est.)
$403.9 billion (2010 est.)
$395.7 billion (2009 est.)
note: data are in 2011 US dollars

GDP (official exchange rate)
$529 billion (2011 est.)

GDP - real growth rate
2% (2011 est.)
2.1% (2010 est.)
-2.7% (2009 est.)

GDP - per capita (PPP)
$37,600 (2011 est.)
$37,000 (2010 est.)
$36,500 (2009 est.)
note: data are in 2011 US dollars

GDP - composition by sector
agriculture: 0.7%
industry: 21.7%
services: 77.6% (2011 est.)

Population below poverty line
15.2% (2007 est.)

Labor force
5.177 million (2011 est.)

Labor force - by occupation
agriculture: 2%
industry: 25%
services: 73% (2007 est.)

Unemployment rate
7.7% (2011 est.)
8.3% (2010 est.)

Unemployment, youth ages 15-24
total: 21.9%
male: 21.5%
female: 22.5% (2009)

Household income or consumption by percentage share
lowest 10%: 3.4%
highest 10%: 28.4% (2006)

Distribution of family income - Gini index
28 (2005)
28.7 (1996)

Investment (gross fixed)
20.8% of GDP (2011 est.)

Budget
revenues: $249.6 billion
expenditures: $271.9 billion (2011 est.)

Taxes and other revenues
47.9% of GDP (2011 est.)

Budget surplus (+) or deficit (-)
-4.2% of GDP (2011 est.)

closing has been 1696.58. There will be a pivot point at 2288 suggesting a move below will warn of a move to retest support.

This year in the **Brussels BEL20** Index on the Yearly level, short-term momentum indicators are neutral. Short-term trend, on the other hand, is in a bearish posture. As far as the Yearly, we find that the intermediate indicators are bullish. This suggests that the 190620 level is where intermediate support will be found this year. On the broader perspective, the Cyclical Strength Model is currently bullish. Everything on the long-term models, including momentum and trend, is still in the bullish mode on the Yearly level. Therefore, support appears to rest under the market at the 175725, levels. Resistance will be found residing above the market at 224486, 295690 and 417027.

There is also a separatist movement emerging in Belgium. The problem is again the south v. north. It is the French-speaking south that is seen as consuming resources from the north. The north resents the south and as taxes rise, the complaints can be heard as is the case in Spain and Italy. The rising view is to split up and make Flanders a separate country. The popular view is to live together but separately.

The rising New Flemish Alliance, is a separatist and nationalist movement determined on redrawing the map of the European Union. Like Alex Salmond in Edinburgh or Artur Mas in Barcelona, De Wever is far from a fringe extremist. He is a mainstream conservative who wants to break Belgium apart and whose support is soaring. This is the net result of our model that calls for the start of civil unrest in 2014. De Wever wants Flanders as an independent state in a democratic Europe. We see similar movements in Catalonia in Spain also fed up with the south.

Scotland has its vote on separate statehood in two years. Around the same time in 2014, De Wever looks likely to be fighting national and regional elections in Belgium from a position of strength, seeking support for the gradual break-up of the country between Dutch-speaking Flanders in the north and French-speaking Wallonia in the south. He is seeking independent states economically, yet one nation.

The rising sentiment is basically that the Flemish have had enough. This is all economic driven and is the natural flow of events from the **Sovereign Debt Crisis** that nobody is even bothering to address as a long-term solution. Brussels is starting to be overrun with crime and that does not help matters much.

All of these mainstream separatists are committed Europeans, insisting that if their independence campaigns are successful they should seamlessly assume membership of the EU. This will present very interesting problems politically at the EU level.

Three years of currency crisis, ***Sovereign Debt Crisis***, and the 2007 Global Financial crisis have been tearing the union apart inside. Europe's wealthy countries are fed up with paying for the others and see their own futures being demolished. They remain fiscally rigorous against what they perceive as reckless fiscal management. This has triggered a re-nationalization intermixed with fragmentation that is then stirred with a blend of rising separatism. This is all about money for economics is the great mover and shaker forming unions, empires, nations, and city states, but on the other hand it also tears them asunder even more rapidly.

Public debt
99.7% of GDP (2011 est.)
100.7% of GDP (2010 est.)
note: data cover general government debt, and includes debt instruments issued (or owned) by government entities other than the treasury; the data include treasury debt held by foreign entities; the data include debt issued by subnational entities, as well as intra-governmental debt; intra-governmental debt consists of treasury borrowings from surpluses in the social funds, such as for retirement, medical care, and unemployment. Debt instruments for the social funds are not sold at public auctions.

Inflation rate (consumer prices)
3.1% (2011 est.)
2.3% (2010 est.)

Central bank discount rate
1.75% (31 December 2011)
1.75% (31 December 2010)
note: this is the European Central Bank's rate on the marginal lending facility, which offers overnight credit to banks in the euro area

Commercial bank prime lending rate
4.4% (31 December 2011 est.)
4.21% (31 December 2010 est.)

Stock of narrow money
$186.8 billion (31 December 2011 est.)
$175.3 billion (31 December 2010 est.)
note: see entry for the European Union for money supply in the euro area; the European Central Bank (ECB) controls monetary policy for the 17 members of the Economic and Monetary Union (EMU); individual members of the EMU do not control the quantity of money circulating within their own borders

Stock of broad money
$604 billion (31 December 2011 est.)
$548.3 billion (31 December 2010 est.)

Stock of domestic credit
$801.1 billion (31 December 2009 est.)
$767.1 billion (31 December 2008 est.)

Market value of publicly traded shares
$269.3 billion (31 December 2010)
$261.4 billion (31 December 2009)
$167.4 billion (31 December 2008)

Current Account Balance
$4.7 billion (2011 est.)
$4.481 billion (2010 est.)

Exports
$332 billion (2011 est.)
$282.3 billion (2010 est.)

Imports
$332.4 billion (2011 est.)
$284.6 billion (2010 est.)

Reserves of foreign exchange and gold
$26.81 billion (31 December 2010 est.)

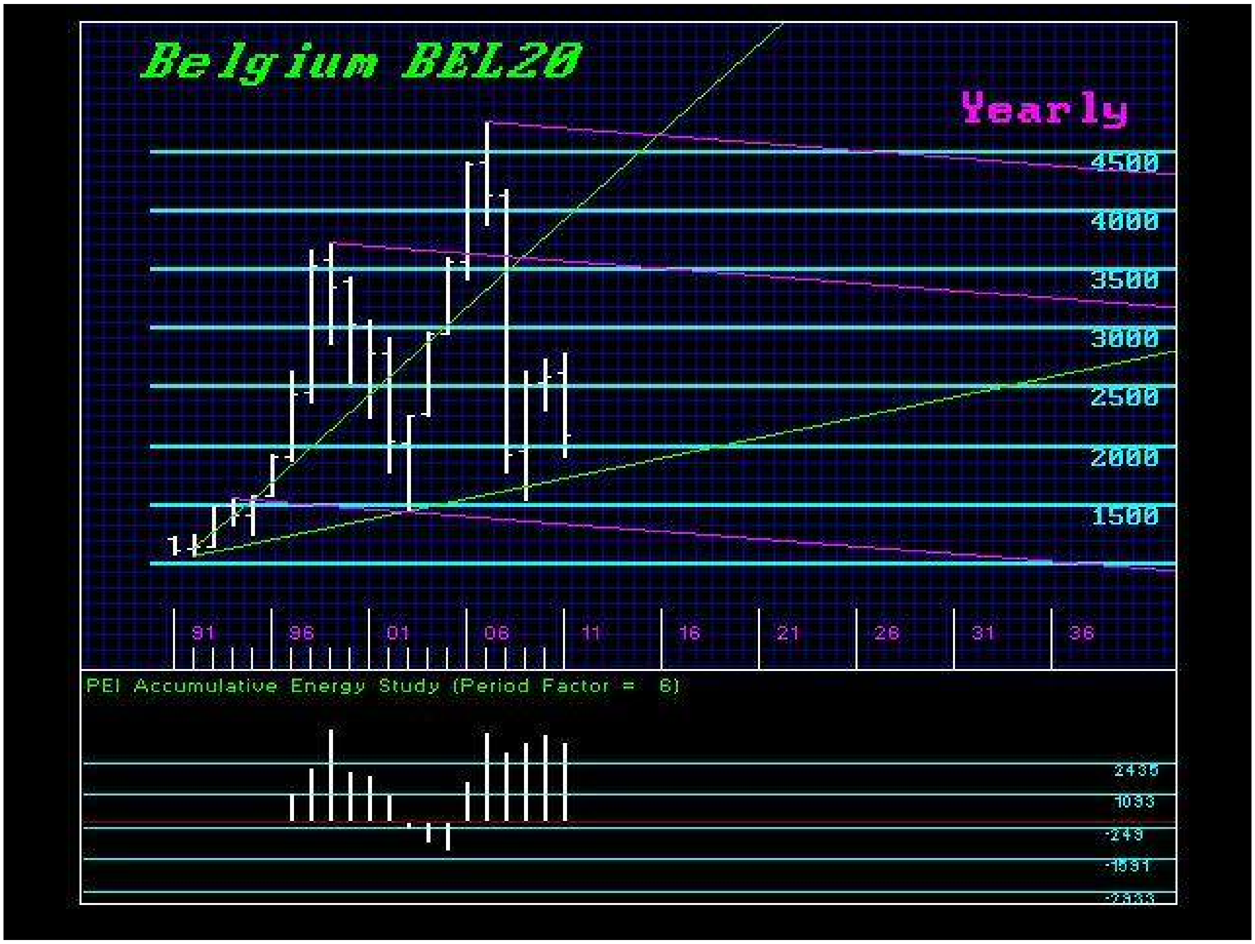
Debt - external
$1.399 trillion (30 June 2011)
$1.241 trillion (30 June 2010)

Stock of direct foreign investment - at home
$983.9 billion (31 December 2011 est.)
$910.8 billion (31 December 2010 est.)

Stock of direct foreign investment - abroad
$813.9 billion (31 December 2011 est.)
$765.4 billion (31 December 2010 est.)

Fiscal year
calendar year

YEARLY LEVEL



YEARLY REVERSAL SYSTEM

At this time, the Major Yearly Bearish Reversals are 142500, 123330, and we have a **DOUBLE YEARLY BEARISH REVERSAL** at **103850**. Hence, only a yearly closing **BELOW** 142500 will signal that an immediate downtrend could unfold leading to a renewed bear market ahead. According to our model, the Minor Yearly Bearish Reversals are at 175725 and 175225 with another set of **YEARLY DOUBLE BEARISH REVERSALS** also at **103850**. Consequently, only a yearly closing **BELOW** 123330 will signal that a sell-off is likely to follow. Nonetheless, only a close below 123330 will suggest a reversal in long-term trend.

On the Major level of our Reversal System, the Yearly Bullish Reversals stand at 341880 and 417030. Our Minor Yearly Bullish Reversals stand at 224620 and 364725. Unmistakably, only a yearly closing **ABOVE** 341880 will signal that a resumption of the bull market should unfold thereafter.

Yearly Reversals

Minor Bullish 224620 364725
Major Bullish 341880 417030
Major Bearish 142500 123330 **103850**
Minor Bearish 175725 175225 **103850**

YEARLY TIMING

On our empirical models, the ideal primary target for the next minor turning point on the yearly level remains 2015, followed by 2017, 2019, and 2023. We have a Panic Cycle due 2018 with high volatility in 2013 and 2018.

Our Directional Change models indicate that turning points are due the years of 2013 and 2014. Our Panic Cycle Models suggest that higher volatility is due the year of 2018. This warns of very choppy markets the next two years.

Yearly Turning Points:

(2012), 2015, 2017, 2019, (2020), 2023

YEARLY TECHNICAL OUTLOOK

SUPPORT: 174134 130302 123192

TABLE #1

Yearly Technical Projections

2012...	12319	13030	17413
2013...	12319	12894	10973
2014...	12319	12759	10973
2015...	12319	12623	10973
2016...	12319	12487	10973
2017...	12319	12352	10973
2018...	12319	12216	10973

Yearly Indicating Ranges

Date	Momentum	Trend	Long-Term
2012	295690-156660	417027-175725	190620-0
2013	293470-152347	358198-186620	261890-0
2014	364723-228883	440088-235780	272569-0

2012 MOMENTUM INDICATORS HLC 270779 190229 239121

QUARTERLY LEVEL

QUARTERLY REVERSAL SYSTEM

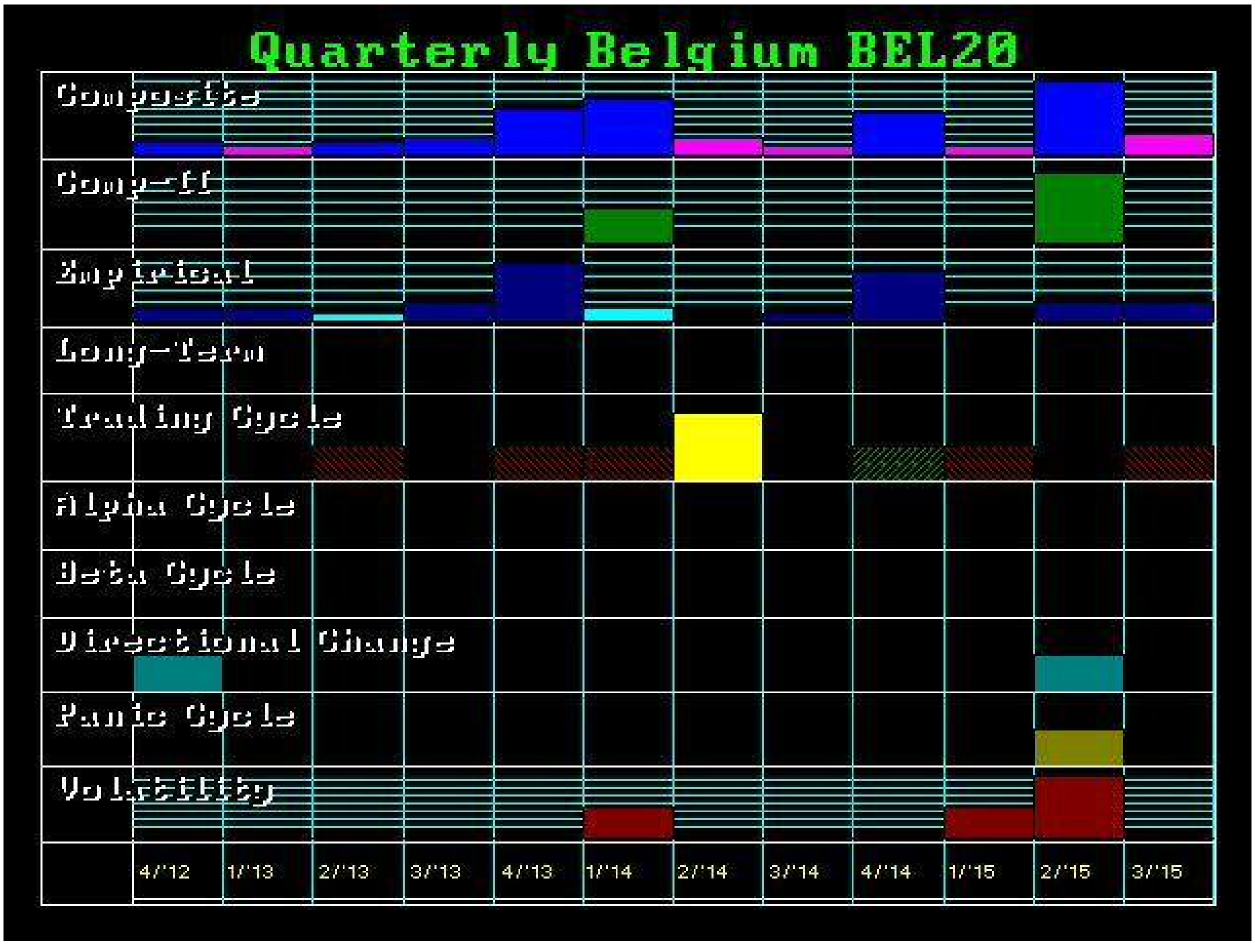
At this time, the Major Quarterly Bearish Reversals are 162889, 123330, and 112300. Thereupon, only a quarterly closing **BELOW** 162889 will signal that an immediate downtrend could become more serious in the near-term. On the near-term level of our Reversal System, the Minor Quarterly Bearish Reversals are found at 232830, 195773, and 152347. Consequently, only a quarterly closing **BELOW** 232830 will signal that a sell-off is likely to follow.

Looking at our Reversal System, we show that the Major Quarterly Bullish Reversals stand at 316455, 417030, and 456430. Our model also highlights Major Quarterly Bullish Reversals above the market at 261890, 271670, 398830, and 454615. Obviously, only a quarterly closing above 261890 will signal that an immediate uptrend should unfold thereafter.

Quarterly Reversals

Major Bullish 316455 417030 456430
Minor Bullish 261890 271670 398830 454615
Major Bearish 162889 123330 112300
Minor Bearish 232830 195773 152347

QUARTERLY TIMING



According to our empirical models, the ideal primary target for the next major turning point on the quarterly level, remains 10/2012-01/2013, followed by 10/2013-01/2014 10/2014, and 04/2015 where we have a Directional Change and a Panic Cycle.

The key quarter for a turning point will be 07/2019.

Our Directional Change models indicate that turning points are due the quarters of 10/2012 and 04/2015. Our Panic Cycle Models suggest that higher volatility is due the quarter of 04/2015.

Quarterly Turning Points:

(10/2012), (01/2013), (04/2013), 01/2014, 10/2014, 04/2015

QUARTERLY TECHNICAL OUTLOOK

RESISTANCE: 307398
SUPPORT: 185356 109738 70232

TABLE #2

Quarterly Technical Projections

10/2012...	70232	10973	18535	30739
01/2013...	64757	10973	17214	24503
04/2013...	59283	10973	15894	24503
07/2013...	53809	10973	14573	24503
10/2013...	48334	10973	13252	24503
01/2014...	42860	10973	11932	24503
04/2014...	37386	10973	10611	24503

Quarterly Indicating Ranges

Date	Momentum	Trend	Long-Term
10/2012	271667-175725	283729-189458	417811-223224
01/2013	252296-152347	277802-201678	445295-207678
04/2013	248147-172488	277880-203388	395608-213946

4TH QUARTER '2012 MOMENTUM INDICATORS HLC 240736 209287 230833

MONTHLY LEVEL

MONTHLY REVERSAL SYSTEM

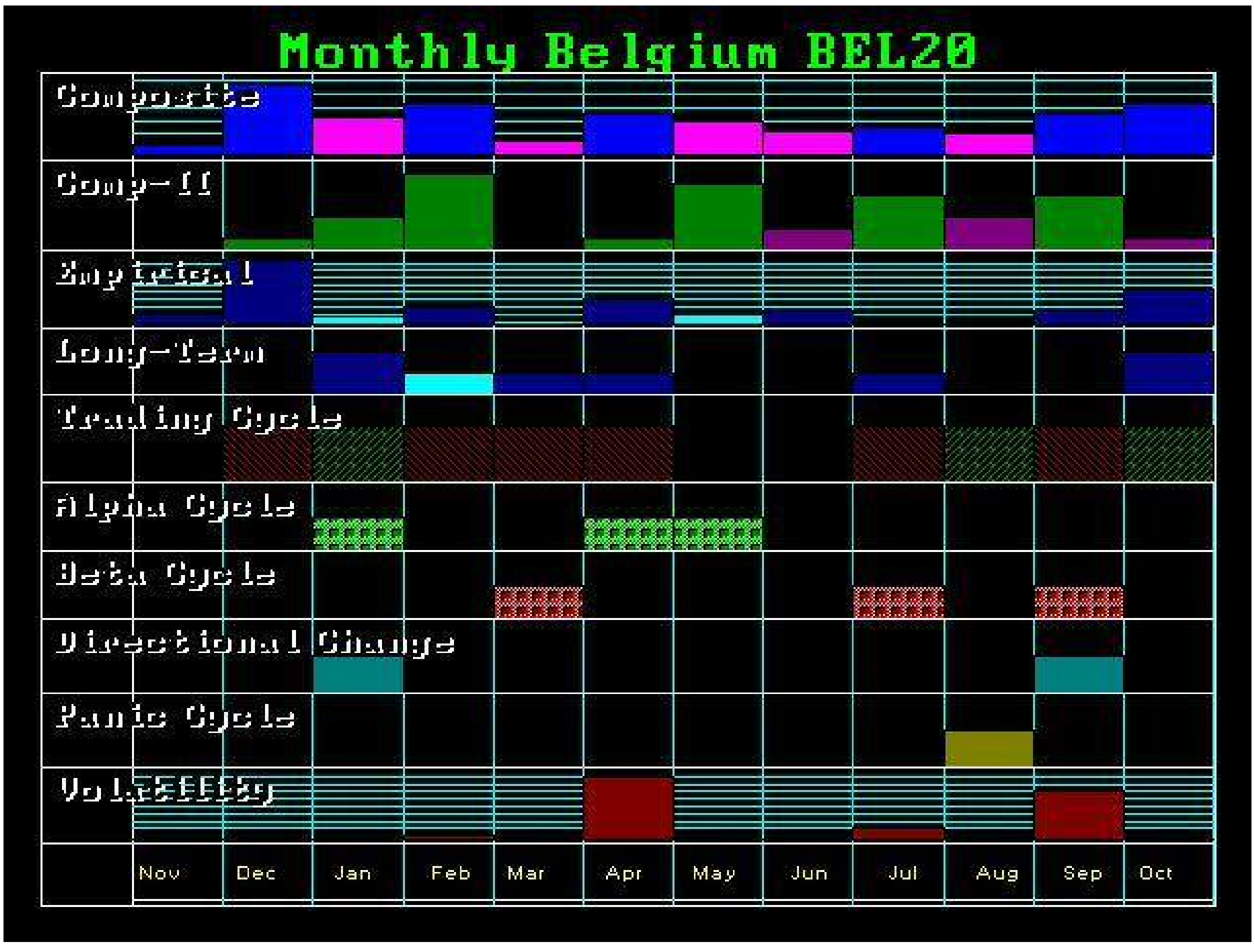
At this time, the Major Monthly Bearish Reversals are 163230 and 145760. Accordingly, only a monthly closing **BELOW** 163230 will signal that an immediate downtrend could become more serious in the near-term. According to our model, the Minor Monthly Bearish Reversals are found at 207678 and 205273, followed by resides at 189458. Consequently, only a monthly closing **BELOW** 207678 will signal that a sell-off is likely to continue from here in the short-term. Nonetheless, only a close below 207678 will suggest a reversal in long-term trend.

Looking at our Reversal System, we show that the Major Monthly Bullish Reversals stand at 283730, 378355, 395575, 427835, 443740, 454615, 468155, and 475950. Our model also highlights Minor Monthly Bullish Reversals above the market at 255550, 256510, 260575, and 272635.

Monthly Reversals

Minor Bullish 255550 256510 260575 272635
Major Bullish 283730 378355 395575 427835 443740 454615 468155 475950
Major Bearish 163230 145760
Minor Bearish 207678 205273 189458

MONTHLY TIMING



Looking at our empirical models, the ideal primary target for the next minor turning point on the monthly level, remains 12/2012-01/2013, followed by 02/2013, 04/2013, 07/2013, and 10/2013.

The key month for a turning point will be 01/2015.

Our Directional Change models indicate that turning points are due the months of 01/2013 and 09/2013. Our Panic Cycle Models suggest that higher volatility is due the month of 08/2013.

Monthly Turning Points:

12/2012, (01/2013), 02/2013, 04/2013, 07/2013, 10/2013

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 256142 276655
SUPPORT: 190655 158498 156807

TABLE #3

Monthly Technical Projections

12/01...	15680	15849	19065	25614	27665
01/01...	15381	15863	18639	25505	27660
02/01...	15083	15877	18214	25396	27655
03/01...	14784	15890	17788	25288	27649
04/01...	14485	15904	17362	25179	27644
05/01...	14186	15918	16936	25070	27639
06/01...	13888	15931	16511	24962	27634

Monthly Indicating Ranges

Date	Momentum	Trend	Long-Term
12/2012	240634-201445	246551-216974	255331-224160
01/2013	232871-195773	247806-205273	264111-224082
02/2013	233804-201424	243779-203388	252296-222842

MONTHLY PATTERN RECOGNITION

According to our pattern recognition models we see that a possible outside reversal may be due in 03/2013.

DECEMBER MOMENTUM INDICATORS HLC 244581 232943 235559

A TECHNICAL OUTLOOK FOR THE FRENCH CAC-40 (CASH)

Our long-term outlook in the **French CAC-40 (Cash)** recognizes that the current bear market has remained intact since the 2000 high and there is a potential that it could conclude with a 12 year Turning point here in 2012 or 2013. Clearly, if the **French CAC-40 (Cash)** penetrates the 2003 low of 24010, then the final low could form in 2012 or 2013. However, we have Back-to-back Directional Changes targets in 2013 and 2014 with key turning points in 2014, 2015, 2018, 2020, and 2023. This tends to imply that we should see a rally into the 2015.75 turning point on the Economic Confidence Model. Whether that produces a new high is debatable. There is a possibility that France could move into a 23 year bear market not unlike Japan meaning the final low may be 2023. Keep in mind that the French banks also have the greatest exposure to Greece amounting to about the sum of all of all European exposure combined (see Greece). This factor combined with the highly socialistic approach to the economy chasing the rich out of the nation is just brain dead. France is hunting down its productive class. That is just suicide.

GDP (purchasing power parity)
$2.214 trillion (2011 est.)
$2.178 trillion (2010 est.)
$2.148 trillion (2009 est.)
note: data are in 2011 US dollars

GDP (official exchange rate)
$2.808 trillion (2011 est.)

GDP - real growth rate
1.7% (2011 est.)
1.4% (2010 est.)
-2.6% (2009 est.)

GDP - per capita (PPP)
$35,000 (2011 est.)
$34,600 (2010 est.)
$34,300 (2009 est.)
note: data are in 2011 US dollars

GDP - composition by sector
agriculture: 1.8%
industry: 18.8%
services: 79.4% (2011 est.)

Population below poverty line
6.2% (2004)
Labor force
29.61 million (2011 est.)
Labor force - by occupation
agriculture: 3.8%
industry: 24.3%
services: 71.8% (2005)

Unemployment rate
9.3% (2011 est.)
9.3% (2010 est.)

Unemployment, youth ages 15-24
total: 22.6%
male: 23.4%
female: 21.7% (2009)

Household income or consumption by percentage share
lowest 10%: 3%
highest 10%: 24.8% (2004)

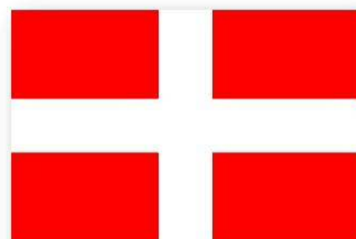
Distribution of family income - Gini index
32.7 (2008)
32.7 (1995)
Investment (gross fixed)
19.8% of GDP (2011 est.)

Budget
revenues: $1.386 trillion
expenditures: $1.535 trillion (2011 est.)

Taxes and other revenues
49.2% of GDP (2011 est.)

Budget surplus (+) or deficit (-)
-5.8% of GDP (2011 est.)

The French government introduction of a 75% income tax rate for top earners as part of what it called a “fighting budget” to boost jobs and help growth has sent the rich fleeing. The French budget lacks fundamental reforms that could jumpstart economic growth while President Francois Hollande's cabinet defended the spending plan for next year, saying it would win the "battle" against joblessness. Clearly, there is a fundamental lack of understanding that Marx’s ideas that produced Communism failed just in case they were not watching TV. It is this same idea that government can take from one class and hand their wealth to another that causes the productive class to flee or hoard their wealth. Until the French politicians wake up and understand human nature, the picture for France long-term looks highly clouded.


Flag of Savoy - South Eastern France

Historically, Savoy in South-East France is the geographical origin of the Savoia House, which reigned over Italy, but the region was incorporated to France in 1860, and its inhabitants do not consider themselves as Italians. Still, they do not really consider themselves purely French as well. There have been three main regionalist/separatist movements in Savoy:

- Mouvement Région Savoie, founded in 1971, regionalist but not separatist;
- La Région Savoie, j'y crois [I believe in Region Savoy], a movement founded in 1999 by local politicians, asking for the formation of a Region Savoy separated from Region Rhône-Alpes;
- The Savoisian League (Ligue Savoisienne), founded on the model of the Italian Northern League, asking for independence and rejection of the annexation treaty to France of 1865.

The official language of the Savoisian Federation is French. Yet the local language, called Savoyard Patois or Francoprovencal, is being protected and is being taught locally as its use is being encouraged as an important element of the Savoyard culture.

The Constitution of Savoy is strongly inspired by the Constitution of Switzerland with the incorporation of some elements of the status of Savoy under the Sardinian rule, for instance, the Sovereign Senate. The flag and the song Les Allobroges, which refers to the Allobroges Legion that joined the French Revolutionary troops, itself refers to the Celto-Ligurian tribe of Allobroges, which resisted to the Roman conquest. These are the main symbols of Savoyard identity.

Then there is Brittany where the people speak French, yet consider themselves Britons. As explained in the introduction, the separatist movement that dates back to the 14th century.

FRANCE Economic - overview

France was transitioning from an economy that has featured extensive government ownership and intervention to one that relies more on market mechanisms but is in the midst of a Eurozone crisis, France has turned back toward Marxist ideas. The government had previously partially or fully privatized many large companies, banks, and insurers, and has ceded stakes in such leading firms as Air France, France Telecom, Renault, and Thales. It maintains a strong presence in some sectors, particularly power, public transport, and defense industries. With at least 75 million

Public debt
85.5% of GDP (2011 est.)
82.4% of GDP (2010 est.)
note: *data cover general government debt, and includes debt instruments issued (or owned) by government entities other than the treasury; the data include treasury debt held by foreign entities; the data include debt issued by subnational entities, as well as intra-governmental debt; intra-governmental debt consists of treasury borrowings from surpluses in the social funds, such as for retirement, medical care, and unemployment; debt instruments for the social funds are not sold at public auctions*

Inflation rate (consumer prices)
2% (2011 est.) : 1.7% (2010 est.)

Central bank discount rate
1.75% (31 December 2011)
1.75% (31 December 2010)
note: *this is the European Central Bank's rate on the marginal lending facility, which offers overnight credit to banks in the euro area*

Commercial bank prime lending rate
3.6% (31 December 2011 est.)
3.373% (31 December 2010 est.)

Stock of narrow money
$951.3 billion (31 December 2011 est.)
$887.3 billion (31 December 2010 est.)
note: *see entry for the European Union for money supply in the euro area; the European Central Bank (ECB) controls monetary policy for the 17 members of the Economic and Monetary Union (EMU); individual members of the EMU do not control the quantity of money circulating within their own borders*

Stock of broad money
$2.62 trillion (30 October 2011 est.)
$2.336 trillion (31 December 2010 est.)

Stock of domestic credit
$4.319 trillion (31 December 2009 est.)
$4.121 trillion (31 December 2008 est.)

Market value of publicly traded shares
$1.926 trillion (31 December 2010)
$1.972 trillion (31 December 2009)
$1.492 trillion (31 December 2008)

Current Account Balance
-$74.3 billion (2011 est.)
-$44.5 billion (2010 est.)
Exports
$578.4 billion (2011 est.)
$517.2 billion (2010 est.)
Imports
$684.6 billion (2011 est.)
$588.4 billion (2010 est.)

IReserves of foreign exchange and gold
$166.2 billion (31 December 2010 est.)

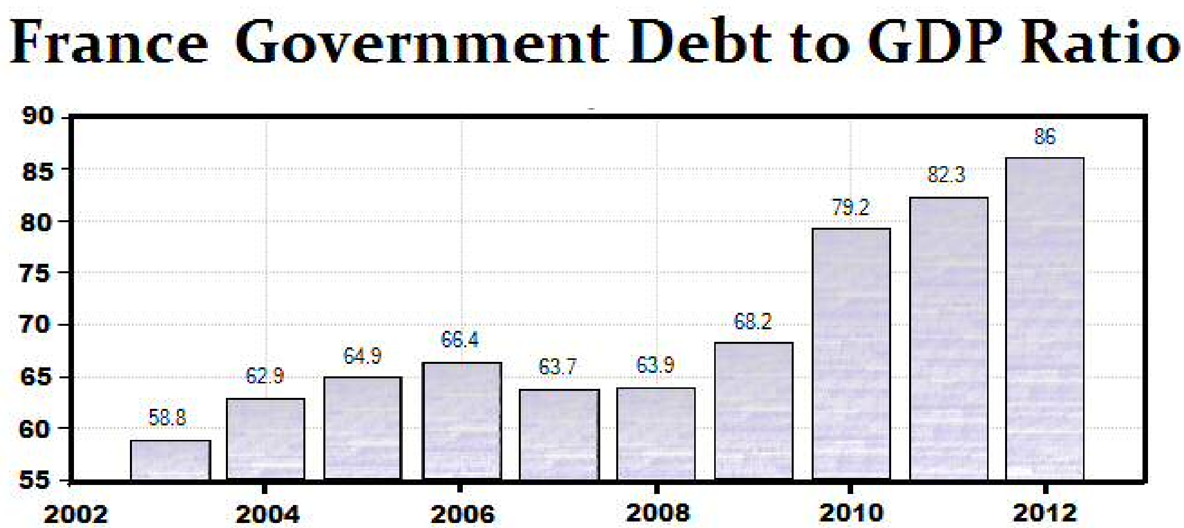
Debt - external
$5.633 trillion (30 June 2011)
$4.698 trillion (30 June 2010)

Stock of direct foreign investment - at home
$1.186 trillion (31 December 2011 est.)
$1.161 trillion (31 December 2010 est.)
Stock of direct foreign investment - abroad
$1.787 trillion (31 December 2011 est.)
$1.746 trillion (31 December 2010 est.)

Fiscal year: calendar year

foreign tourists per year, France is the most visited country in the world and maintains the third largest income in the world from tourism.

France's leaders insist they remain committed to capitalism, but they lean very much still toward Marx and their view of maintaining social equity by means of laws, tax policies, and social spending that reduce income disparity. This defies the free market ideas and they very much seek to minimalize the business cycles on public health and welfare.



When we look at the debt to GDP ratio, we can see the stark impact the 2007 Global Financial Crisis has had upon France. This explains why they lost their AAA credit rating. France's real GDP contracted 2.6% in 2009, but recovered somewhat in 2010 and 2011. France is in serious trouble. It is following precisely the same pattern as the City of Mainz during the 15th century.

The unemployment rate has increased from 7.4% in 2008 to 9.3% in 2010 and 9.1% in 2011. Lower-than-expected growth and increased unemployment have cut government revenues and increased borrowing costs, contributing to a deterioration of France's public finances. The government budget deficit rose sharply from 3.4% of GDP in 2008 to 7.5% of GDP in 2009 before improving to 5.8% of GDP in 2011, while France's public debt rose from 68% of GDP to 86% over the same period.

Under President Sarkozy, Paris implemented austerity measures that eliminated tax credits and froze most government spending in an effort to bring the budget deficit under the 3% Eurozone ceiling by 2013 and to highlight France's commitment to fiscal discipline at a time of intense financial market scrutiny of Eurozone debt levels.

Socialist Francois Hollande won the May 2012 presidential election, after advocating pro-growth economic policies, as well as measures such as forcing banks to separate their traditional deposit taking and lending activities from more speculative businesses, increasing taxes on bank profits, introducing a new top bracket on income taxes for people earning over €1 million ($1.3 million) a year, and hiring an additional 60,000 civil servants during his five-year term of office.


Socialist French President
Francois Hollande

Like many European countries, France must tread a fine line between cutting the debts that has caused them to spiral down into the financial crisis losing its AAA rating and investing in the economy to spur growth. However, the French economy, the second largest among the 17 countries that use the euro, has not grown for three straight quarters. Unemployment has been on the rise for more than a year and stands at 10.2%. France has turned to the Marxist solution of just hunting down the rich. Gold dealers can no longer pay in cash causing the gold market in France to decline sharply. Things could get much worse in France if it does not change its economic policies. This socialist attitude is chasing out the productive class reducing the potential to create jobs. Merely getting serious about slashing state spending will not solve the crisis. Even reforming the stringent labor laws in France will lead to more social unrest. The leftist budget will do far more economic harm to France than most realize.

President Hollande promised that he would slash the country's deficit to 3% next year - a limit required by European rules. This means the French government must find 30 billion euros in savings imposing austerity that is more likely to fuel social unrest. One-third of the savings will come in spending cuts, with the rest in new or higher taxes on the wealthy and big companies, including a 75% tax on incomes over one million euro (800,000). Even after that, there is still a 3% deficit meaning the sovereign debt continued to rise.

The 75% tax will last for two years according to proposals but the economy will not recovery meaning that the tax is unlikely to diminish or vanish thereafter. This is a leftist symbolic measure that will bring in very little revenue. The richest are already bailout of France. Furthermore, others measures included are: a new income tax level at 45% for those making more than 150,000 euro (£120,000), an increase of capital gains taxes to bring them more in line with how salaries are taxed, and a cap on certain deductions for large companies on their income taxes. Several businessmen and politicians in the opposition have said that's exactly what's wrong with the 2013 budget: It sends the message that France doesn't like the rich and isn't open for business. This is a fair statement in times of dire economic declines on the horizon.

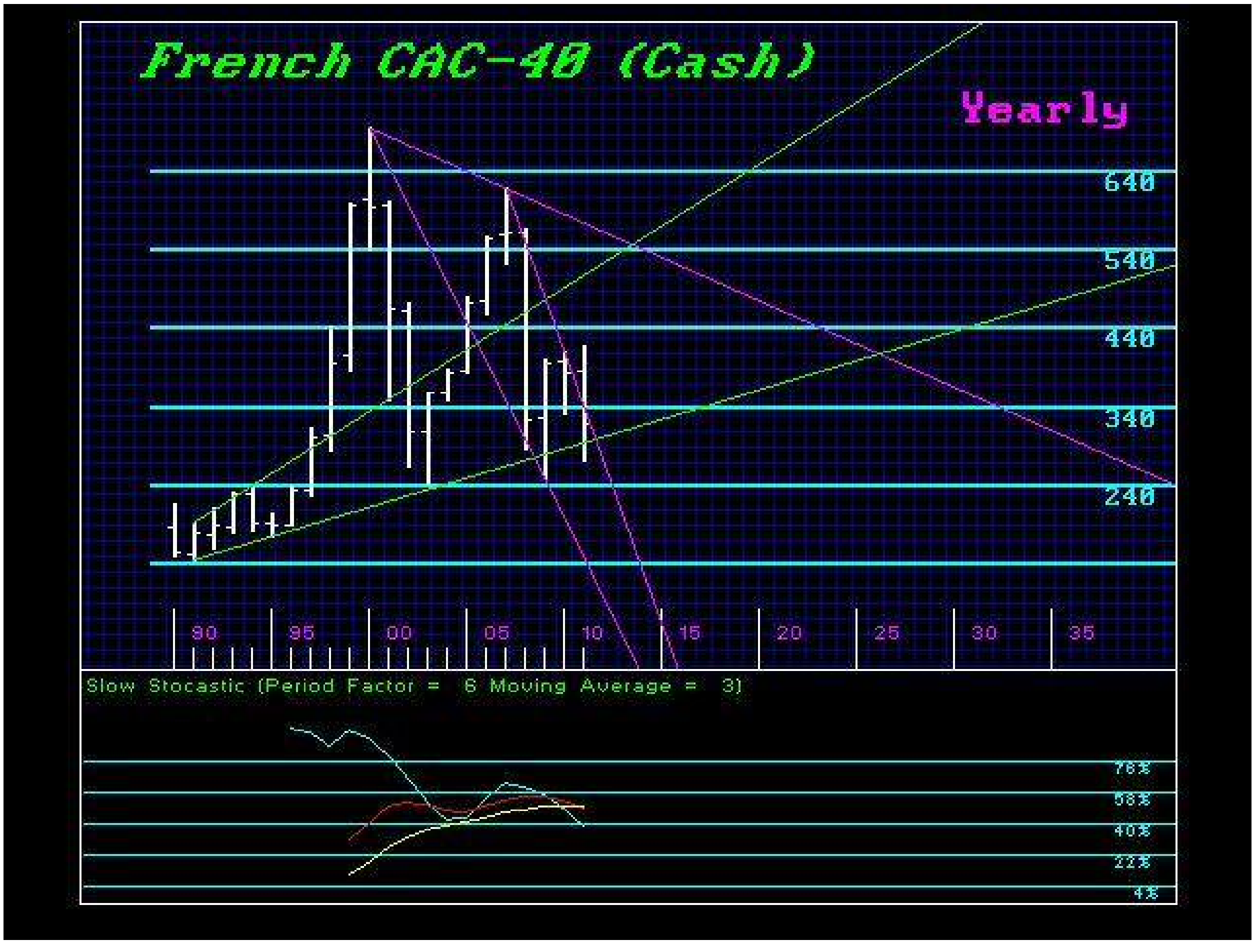
Of course the political establishment in France cannot see the consequences of their action. Prime Minister Jean-Marc Ayrault rejected that characterization that leftist policies will be the ruin of France. This will be by no means a solution that the budget crisis will somehow be resolved. Neither will France win the battle against unemployment. France has no concept of how to end the debt spiral that keeps growing and growing. The budget is built around an expectation of 0.8% growth for next year when the traditional economists predict only 0.5%. If growth misses the projections, more cuts could be needed later.

Grover Cleveland (1837–1908)
only President of United States to serve two non consecutive terms (1885–1889 and 1893–1897)

"At times like the present, when the evils of unsound finance threaten us, the speculator may anticipate a harvest gathered from the misfortune of others, the capitalist may protect himself by hoarding or may even find profit in the fluctuations of values; but the wage earner – the first to be injured by a depreciated currency – is practically defenseless. He relies for work upon the ventures of confident and contented capital. This failing him, his condition is without alleviation, for he can neither prey on the misfortunes of others nor hoard his labour."

France is a prime example of the European debt crisis showing there is no hope of any long-term solution that will stabilize the economy. France is in a downward spiral and despite its resistance toward any separatist movement. Its fiscal irresponsibility in not addressing its Marxist policies will only fuel the seed of discontent. There is a real risk of destroying commerce and industry in France with the leftist policies of just attacking the rich. Historically, those who cannot leave hoard their capital as Cleveland noted in 1893. France has to wake up and realize that Communism failed. AT least try a different approach.

YEARLY LEVEL



This year in the **French CAC-40 (Cash)** on the Yearly level, short-term momentum indicators are neutral. Short-term trend, on the other hand, is in a bearish posture. As far as the Yearly, we find that the intermediate indicators are bullish. This suggests that the 23585 level is where intermediate support will be found this year. On the broader perspective, the Cyclical Strength Model is currently bullish. Everything on the long-term models, including momentum and trend, is still in the bullish mode on the Yearly level. Therefore, support appears to rest under the market at the 28385 level. A break beneath that in 2013 will raise the potential to penetrate the 2003 low and then reversal back to the upside. Resistance will be found residing above the market at 34525, 38460, 38560, 39775, and 56660. A yearend closing **BELOW** 31600 for 2012 will leave the door open for a decline into early 2013 before any uptrend emerges.

YEARLY REVERSAL SYSTEM

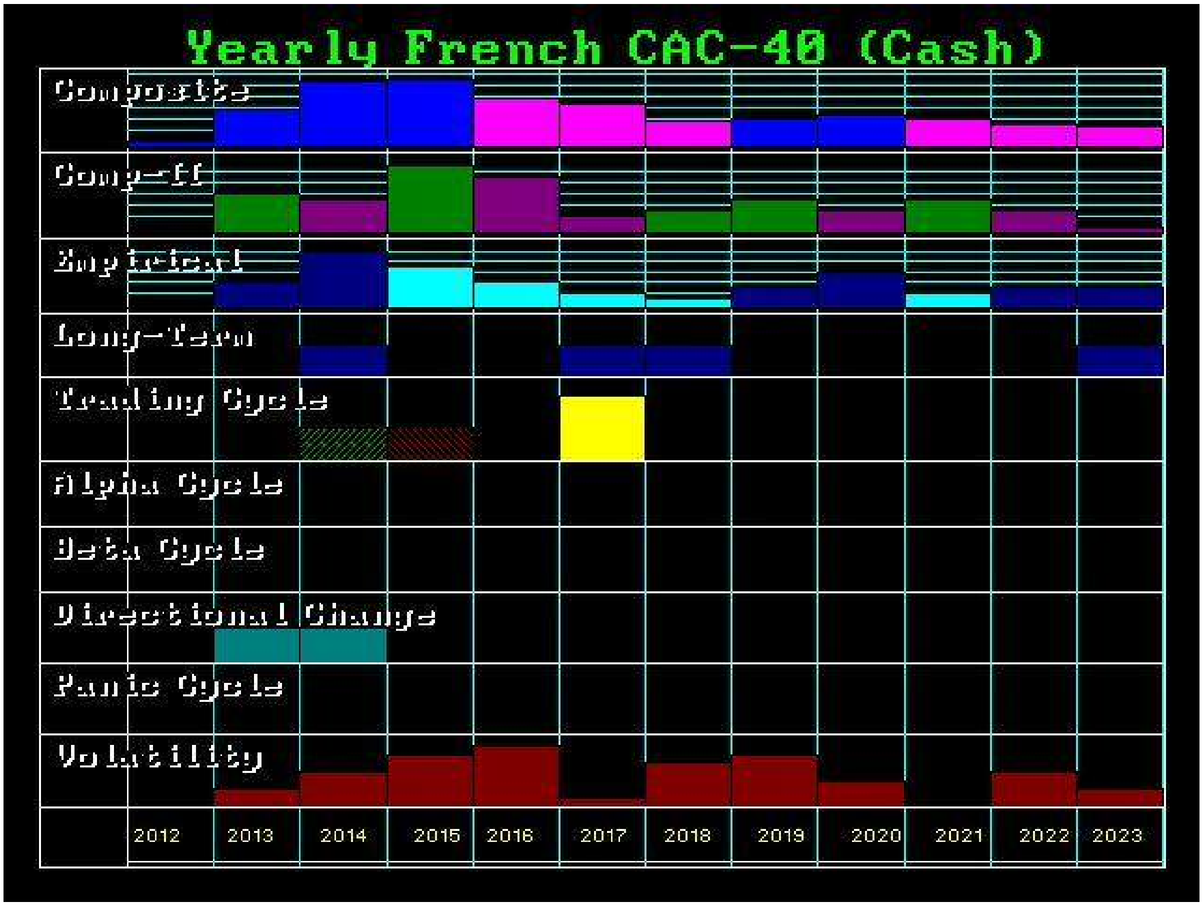
At this time, the Major Yearly Bearish Reversals are 1712.0 and 1425.0. The Minor Yearly Bearish Reversals are 2399.0 and 1425.0 which is a **DOUBLE BERAISH REVERSAL**. Only a Yearly closing **BELOW** 1425.0 would confirm a long-term bear market ahead. Unmistakably, only a yearly closing **BELOW** 2399.0 will signal that a sell-off is likely to follow.

Our Reversal System that the Major Yearly Bullish Reversal stands at 5979.5. The Minor Yearly Bullish Reversals stand at 6000.0 and 6168.9. Clearly, am annual closing **ABOVE** 6000.0 is necessary to reverse the bear market trend.

Yearly Reversals

Major Bullish 5979.5
Major Bullish 6000.0 6168.9
Major Bearish 1712.0 **1425.0**
Minor Bearish 2399.0 1425.0

YEARLY TIMING



On our empirical models, the ideal primary target for the next minor turning point on the yearly level remains 2012, followed by 2014-2015, 2018, 2020, and 2023. Ideally, each should produce the opposite of the previous.

Utilizing a composite structure in cyclical timing analysis, the key years for a turning point in the **French CAC-40 (Cash)** will be 2018 and 2037.

Our Directional Change models indicate that turning points are due the years of 2013 and 2014.

Yearly Turning Points:

2012, (2014), 2015, (2018), 2020, (2021), 2023

YEARLY TECHNICAL OUTLOOK
TABLE #1

RESISTANCE: 51420 56130
SUPPORT: 29318 27013 9723

Yearly Technical Projections

2012... 2445.4, 3002.4, 3723.3, 4178.9 5502.0
2013... 2449.9, 3074.1, 3795.0, 4183.3, 5391.0
2014... 2454.3, 3145.8, 3866.7, 4187.8, 5280.0
2015... 2458.8, 3217.5, 3938.4, 4192.2, 5169.0
2016... 2463.2, 3289.2, 4010.1, 4196.7, 5058.0
2017... 2467.7, 3360.9, 4081.8, 4201.1, 4947.0
2018... 2472.1, 3432.6, 4153.5, 4205.6, 4836.0

Yearly Indicating Ranges

Date	Momentum	Trend	Long-Term
2012	3977.0-2251.5	4780.0-2465.5	3114.0-2410.5
2013	4564.5-2809.7	5554.0-3287.5	4088.0-2308.5
2014	4170.0-1577.7	5217.5-2080.8	6102.0-2693.0

2012 MOMENTUM INDICATORS HLC 41426 28911 34278

QUARTERLY LEVEL

QUARTERLY REVERSAL SYSTEM

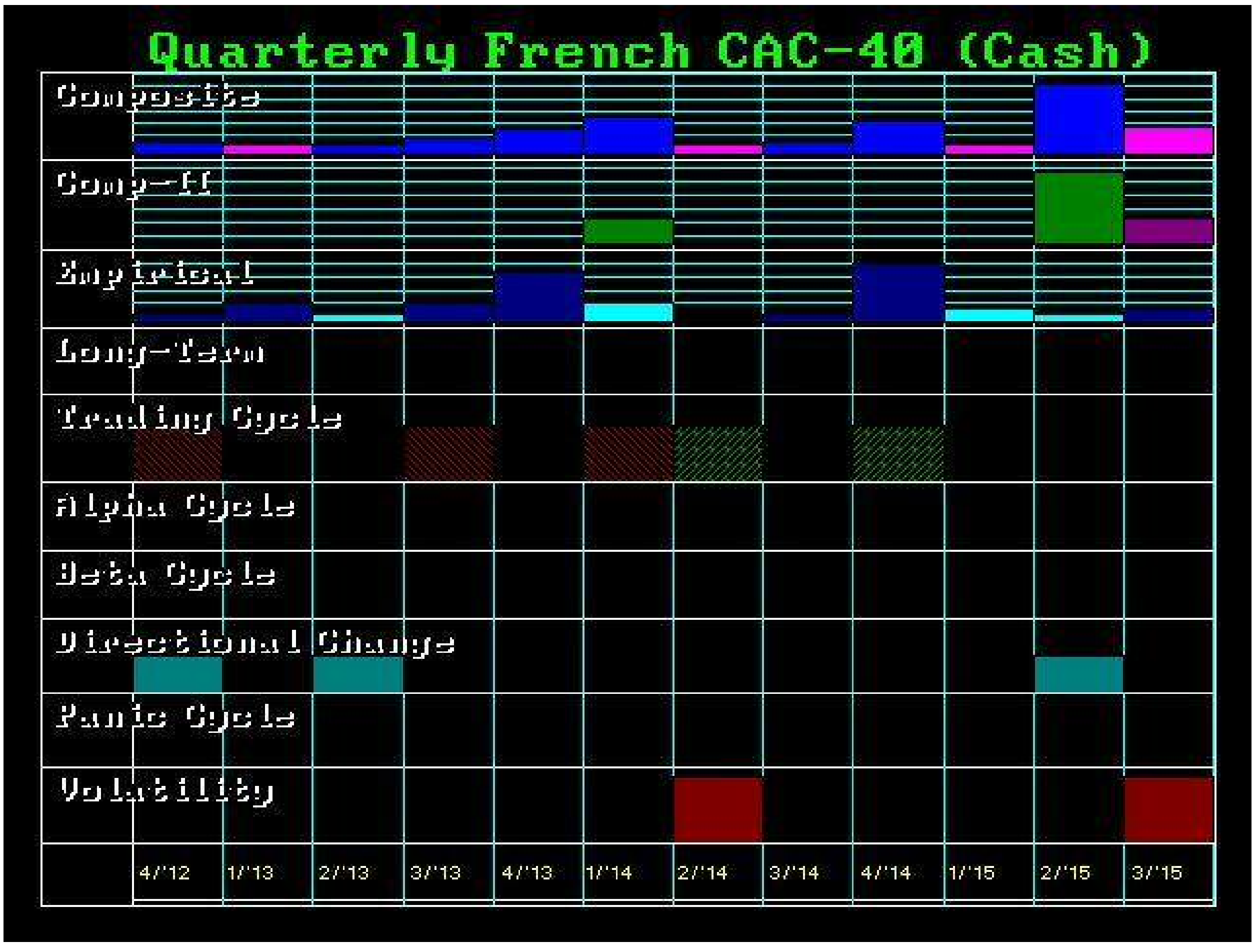
At this time, the Major Quarterly Bearish Reversals are 24875, 19396, 18548, 17968, and 15777. Thereupon, only a quarterly closing **BELOW** 24875 will signal that an immediate downtrend could become more dramatic in the near-term. Our model suggests that the Minor Quarterly Bearish Reversals reside at 25995, with additional reversals at 24655 and 24010. Thus, only a quarterly closing **BELOW** 25995 will signal that a sell-off is likely to continue from here in the short-term.

On a long-term basis, our Reversal System indicates that our Major Quarterly Bullish Reversal stands at 69450. Our model also highlights Minor Quarterly Bullish Reversals standing at 38565, 40235, 41080, 47800, 56660, 57715, and 61560. Clearly, only a quarterly closing **ABOVE** 38565 will signal that an immediate uptrend should unfold thereafter.

Quarterly Reversals

Minor Bullish 38565 40235 41080 47800 56660 57715 61560
Major Bullish 69450
Major Bearish 24875 19396 18548 17968 15777
Minor Bearish 25995 24655 24010

QUARTERLY TIMING



According to our empirical models, the ideal primary target for the next turning point on the quarterly level, remains 01/2013, followed by 10/2013-01/2014, 04/2014, 10/2014, and 04/2015. Ideally these should produce the opposite of the previous event.

Using a composite of cyclical analysis, the key quarters for a turning point in the **French CAC-40 (Cash)** will be 07/2017 and 01/2018.

Our Directional Change models indicate that turning points are due the quarters of 10/2012, 04/2013 and 04/2015. We see high volatility 04/2014 and 07/2015.

Quarterly Turning Points:

(10/2012), 01/2013, (04/2013), 10/2013-01/2014, (04/2014), 10/2014, 04/2015

QUARTERLY TECHNICAL OUTLOOK

RESISTANCE: 55349
SUPPORT: 27447 24916 4893

TABLE #2

Quarterly Technical Projections

10/2012...	4893	24916	27447	55349
01/2013...	3575	24934	27598	55061
04/2013...	2257	24951	27750	54773
07/2013...	940	24969	27902	54486
10/2013...	---	24986	28053	54198
01/2014...	---	25003	28205	53910
04/2014...	---	25021	28357	53622

Quarterly Indicating Ranges

Date	Momentum	Trend	Long-Term
10/2012	39615-27930	41120-28385	52955-34110
01/2013	36940-24655	41700-31145	56095-34260
04/2013	37425-27415	41380-29225	52175-33995

4TH QUARTER '2012 MOMENTUM INDICATORS HLC 35538 30341 33251

MONTHLY LEVEL

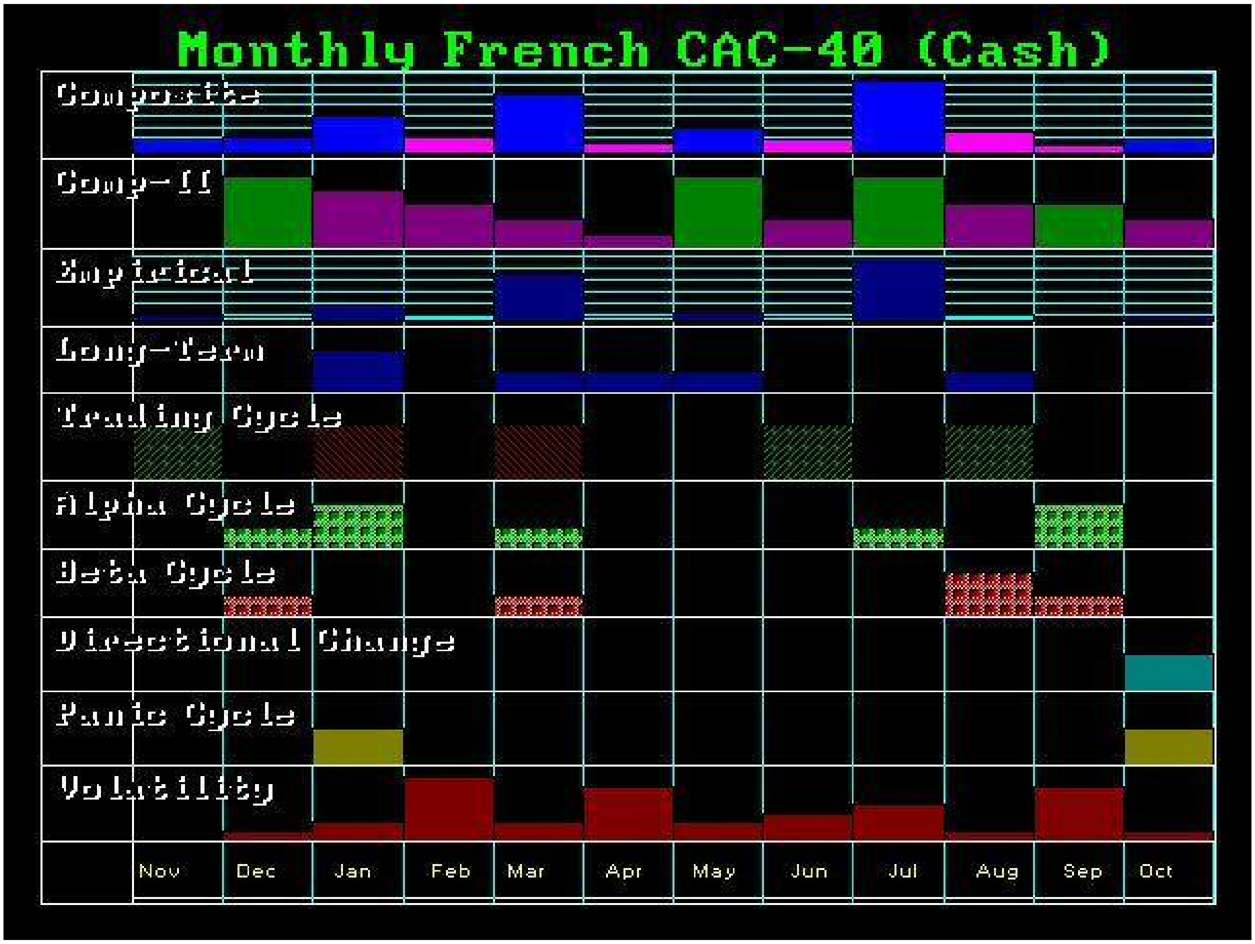
MONTHLY REVERSAL SYSTEM

At this time, the Major Monthly Bearish Reversal rests at 26330. Accordingly, only a monthly closing **BELOW** 26330 will signal that a major downtrend should conclude. When we look at the Minor level, our Monthly Bearish Reversals are found at 29580, 28385, 27930, and 24655. Consequently, only a monthly closing **BELOW** 29580 will signal that an immediate downtrend should unfold thereafter to retest the level of support underneath

Right now, our Major Monthly Bullish Reversals exist at **64595,** 65915, and 66315, with **64595** being a **DOUBLE YEARLY BULLISH REVERSAL**. Our model additionally provides a Minor Monthly Bullish Reversals standing at 38470, 39140, 40795, 41120, 41380, 50120, 52615, 55185, 58820 58555, 59815, and 61560. We need a monthly closing **ABOVE** 38470 to start to show some positive life in the market.

Monthly Reversals
Minor Bullish 38470 39140 40795 41120 41380 50120 52615 55185 58820 58555 59815 61560
Major Bullish **64595** 65915 66315
Major Bearish 26330
Minor Bearish 29580 28385 27930 24655

MONTHLY TIMING



Looking at our empirical models, the ideal primary target for the next major turning point on the monthly level, remains 01/2013, followed by 03/2013, 05/2013, 07/2013-08/2013 and 10/2013.

Utilizing a composite structure in cyclical timing analysis, the key months for a turning point in the **French CAC-40 (Cash)** will be 06/2017 and 01/2018.

Our Directional Change models indicate that a turning point is due the month of 10/2013. Our Panic Cycle Models suggest that higher volatility is due the months of 01/2013 and 10/2013. We see very high volatility in 02/2013, 04/2013, 07/2013, and 09/2013.

Monthly Turning Points:

(12/2012), 01/2013, 03/2013, 05/2013, 07/2013-08/2013, (09/2013-10/2013)

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 42831
SUPPORT: 32164 14468

TABLE #3

Monthly Technical Projections

11/01...	14468	32164	42831
12/01...	14236	31710	42885
01/01...	14005	31256	42939
02/01...	13773	30802	42993
03/01...	13542	30348	43047
04/01...	13310	29894	43101
05/01...	13079	29440	43155

Monthly Indicating Ranges

Date	Momentum	Trend	Long-Term
11/2012	36205-30655	36310-33350	39360-33625
12/2012	35240-28910	37225-30885	37910-32325
01/2013	33550-26930	35880-29700	39845-32735

MONTHLY PATTERN RECOGNITION

If this month closes below 33991, then the upward momentum has been lost which implies that a temporary top is in place and a near-term retest of support should begin.

NOVEMBER MOMENTUM INDICATORS HLC 35515 33118 33991

A TECHNICAL OUTLOOK FOR GREEK GENERAL INDEX

Princeton's long-term outlook recognizes that the current bearish trend in **Greek General Index** may actually have established a major low at this time. The major high in the Greek share market took place in 1999 at 648438. We have seen a 12 year decline into a major low in 2011 on an annual closing basis at 68042. Intraday, the Greek share market continued to fall into 2012 bottoming in June at 47135. This may provide a very important 13 year low. No Monthly Bullish Reversals have been elected as yet but they begin at 84763. A monthly closing **ABOVE** this level will signal we just may have a final low in place. We need to see a 2012 closing **ABOVE** that of 2011 68042 to hint that we may be preparing to shift trend on a major scale. Eventually, we need an annual closing **ABOVE** 293250 to signal that indeed a change in trend is at hand.

Keep in mind that which everyone is extremely bearish regarding Greece, we may actually see a reversal of fortune. If Greece pulls out of the Euro, its economy would actually boom. True, the Greek stock market plummeted 5.9 percent after Standard & Poor's credit rating agency warned that the country has a one-in-three chance of leaving the Eurozone.

GDP (purchasing power parity)
$308.3 billion (2011 est.)
$328 billion (2010 est.)
$339.9 billion (2009 est.)
note: data are in 2011 US dollars
GDP (official exchange rate)
$312 billion (2011 est.)
GDP - real growth rate
-6% (2011 est.)
-3.5% (2010 est.)
-2.3% (2009 est.)
GDP - per capita (PPP)
$27,600 (2011 est.)
$29,100 (2010 est.)
$30,400 (2009 est.)
note: data are in 2011 US dollars
GDP - composition by sector
agriculture: 3.3%
industry: 17.9%
services: 78.9% (2011 est.)
Population below poverty line
20% (2009 est.)
Labor force
4.959 million (2011 est.)
Labor force - by occupation
agriculture: 12.4%
industry: 22.4%
services: 65.1% (2005 est.)
Unemployment rate
17.3% (2011 est.)
12.5% (2010 est.)
Unemployment, youth ages 15-24
total: 25.8%
male: 19.4%
female: 33.9% (2009)
Household income or consumption by percentage share
lowest 10%: 2.5%
highest 10%: 26% (2000 est.)
Distribution of family income - Gini index
33 (2005)
35.4 (1998)
Investment (gross fixed)
14.7% of GDP (2011 est.)
Budget
revenues: $129.5 billion
expenditures: $159.5 billion (2011 est.)
Taxes and other revenues
39.9% of GDP (2011 est.)
Budget surplus (+) or deficit (-)
-9.6% of GDP (2011 est.)

GREECE Economy - overview

Greece has a capitalist economy with a public sector accounting for about 46.8% of GDP and with per capita GDP about two-thirds that of the leading Eurozone economies. Its tax collection is about 26.8% of GDP. Compared to the United States, Germany, United Kingdom, France, and Japan, we can see that its structure is not dramatically out of line with the leading nations. We can clearly see that France is significantly higher as a total cost of government relative to the economy that has been suffocating real economic growth. Therefore, those who say Greece is just irresponsible should look closely at themselves for it is just a question of how pregnant they are, not that they are virgins.

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Country	Taxes as % GDP	Public Sector Spending as % GDP
Greece	35.1	46.8
France	44.6	52.8
Germany	40.6	43.7
United Kingdom	38.9	47.3
United States	26.9	38.9
Japan	28.3	37.1

Tourism provides 15% of GDP in Greece and thus political unrest is the greatest deterrent to short-term survival for that undermines the confidence of people to vacation in Greece. Immigrants make up nearly one-fifth of the work force, mainly in agricultural and unskilled jobs. Greece is a major beneficiary of EU aid, equal to about 3.3% of annual GDP. The Greek economy grew by nearly 4% per year between 2003 and 2007, due partly to infrastructural spending related to the 2004 Athens Olympic Games, and in part to an increased availability of credit since its debt was transformed into Euro, which has sustained record levels of consumer spending.

Nonetheless, the Greek economy went into recession in 2009 as a result of the world financial crisis, tightening credit conditions, and Athens' failure to address a growing budget deficit. The economy contracted by 2.3% in 2009, 3.5% in 2010, and 6.0% in 2011. Greece violated the EU's ***Growth and Stability Pact*** budget deficit criterion of no more than 3% of GDP from 2001 to 2006, but finally met that criterion in 2007-08, before exceeding it again in 2009, with the deficit reaching 15% of GDP. Austerity measures reduced the deficit to 11% of GDP in 2010 and about 9% in 2011.

It has been the eroding public finances, inaccurate and misreported statistics, and consistent underperformance on reforms prompted major credit rating agencies in late 2009 to downgrade Greece's

Public debt
165.4% of GDP (2011 est.)
142.7% of GDP (2010 est.)

Inflation rate (consumer prices)
2.9% (2011 est.)
4.7% (2010 est.)

Central bank discount rate
1.75% (31 December 2011)
1.75% (31 December 2010)
note: this is the European Central Bank's rate on the marginal lending facility, which offers overnight credit to banks in the euro area

Commercial bank prime lending rate
7% (31 December 2011 est.)
5.984% (31 December 2010 est.)

Stock of narrow money
$149 billion (31 December 2011 est.)
$151.1 billion (31 December 2010 est.)
note: see entry for the European Union for money supply in the euro area; the European Central Bank (ECB) controls monetary policy for the 17 members of the Economic and Monetary Union (EMU); individual members of the EMU do not control the quantity of money circulating within their own borders

Stock of broad money
$295.9 billion (31 December 2011 est.)
$316.8 billion (31 December 2010 est.)
Stock of domestic credit
$450.5 billion (31 December 2011 est.)
$442.8 billion (31 December 2010 est.)

Market value of publicly traded shares
$72.64 billion (31 December 2010)
$54.72 billion (31 December 2009)
$90.4 billion (31 December 2008)

Current Account Balance
-$28.4 billion (2011 est.)
-$31.92 billion (2010 est.)
Exports
$26.64 billion (2011 est.)
$22.66 billion (2010 est.)
Imports
$65.79 billion (2011 est.)
$60.19 billion (2010 est.)

Reserves of foreign exchange and gold
$6.37 billion (31 December 2010 est.)
Debt - external
$583.3 billion (30 June 2011)
$532.9 billion (30 June 2010)
Stock of direct foreign investment - at home
$35.76 billion (31 December 2011 est.)
$33.56 billion (31 December 2010 est.)
Stock of direct foreign investment - abroad
$36.64 billion (31 December 2011 est.)
$37.88 billion (31 December 2010 est.)
Fiscal year: calendar year

international debt rating, and has led the country into a financial crisis. Under intense pressure from the EU and international market participants, the government adopted a medium-term austerity program that includes cutting government spending, decreasing tax evasion, reworking the health-care and pension systems, and reforming the labor and product markets. Athens, however, faces long-term challenges to push through unpopular reforms in the face of widespread unrest from the country's powerful labor unions and the general public.

In April 2010 a leading credit agency assigned Greek debt its lowest possible credit rating; in May 2010, the International Monetary Fund and Eurozone governments provided Greece emergency short- and medium-term loans worth $147 billion so that the country could make debt repayments to creditors. In exchange for the largest bailout ever assembled, the government announced combined spending cuts and tax increases totaling $40 billion over three years, on top of the tough austerity measures already taken. Greece, however, struggled to meet 2010 targets set by the EU and the IMF, especially after Eurostat - the EU's statistical office - revised upward Greece's deficit and debt numbers for 2009 and 2010. European leaders and the IMF agreed in October 2011 to provide Athens a second bailout package of $169 billion. The second deal however, calls for Greece's creditors to write down a significant portion of their Greek government bond holdings. In exchange for the second loan Greece has promised to introduce an additional $7.8 billion in austerity measures during 2013-15. However, these massive austerity cuts are lengthening Greece's economic recession and depressing tax revenues. Greece's lenders are calling on Athens to step up efforts to increase tax collection, privatize public enterprises, and rein in health spending, and are planning to give Greece more time to shore up its economy and finances. Many investors doubt that Greece can sustain fiscal efforts in the face of a bleak economic outlook, public discontent, and political instability.

Many economists argue that Greece was living beyond its means even before it joined the euro. After it adopted the single currency, public spending soared. True, public sector wages, for example, rose 50% between 1999 and 2007 - far faster than in other Eurozone countries. The optimism that Greece would boom forever filled the air and promoted public sector spending. The money simply poured out of the government's coffers while its income was hit by widespread tax evasion not unlike that in Italy. Consequently, the view became that after years of overspending, its budget deficit was spiraling out of control. When the 2007 overleveraged mortgage back crisis hit the USA and spread to Europe as a contagion, the ensuing global financial downturn accelerated by the US banks left Greece was ill-prepared to cope with the credit crisis that followed.

It is further true that Debt levels reached the point where the country was no longer able to repay its loans forcing it to ask for help from its European partners and the International

Monetary Fund (IMF) precisely on our Model date April 16th, 2010 (3.14 years from 2007.15). However, the austerity conditions attached to these loans in the near-term have compounded Greece's woes. What is not understood about Greece, Italy, Spain, and Portugal, is by creating a single currency that appreciated against the dollar, the debts of these nations actually rose in real term value converted to US dollars. For years, these countries saw a depreciating currency and debt. Converting their currencies to the euro made their debt rise in real cost of productive terms as measured even in a basket of currencies.

Since precisely on the April 16th, 2010 Economic Confidence Model target, the Greek crisis began and by May 2010, the European Union and IMF provided 110bn euros ($140bn) of bailout loans to Greece to help the government pay its creditors. It soon became apparent that this would not be enough, so a second, 130bn-euro bailout was agreed earlier this year. As well as these two loans, which are made in stages, the vast majority of Greece's private creditors agreed to write off more than half of the debts owed to them by Athens. They also agreed to replace existing loans with new loans at a lower rate of interest. Nevertheless, in return for this credit line, the EU and IMF insisted that Greece embark on a major austerity drive involving drastic spending cuts, tax rises, as well as labor and pension reforms.

This has led to civil unrest with devastating effects upon Greece's economy. The Greek budget itself assumes the economy will shrink by 6.5% this year and a further 4.5% in 2013. This gas created a spiral from which Greece cannot boost its own economy and has no real foundation to pay its loans. Effectively, Greece appears destined to default al all its debt will have to be just written-off.

A Greek default can have a number of important implications. Once the default takes place the share market will rise. This is similar to a devaluation of the currency which is also a devaluation of the debt. This is one of the great paradoxes that most simply fail to understand. When Britain left the Gold Standard during the Great Depression, the same cries of the end of the world were present. In fact, that also proved to be the major low and the share market actually made new highs going into 1937 when the US rally made about a 50% correction. Here is a chart of the British share market. Note that once Britain entered into default on its debt abandoning the gold standard in 1931, its share market rallied and made new highs. The US market rallied by about 50% into 1937.

Here we can see the clear effect of a default. This is what the market appears to be setting up in Greece. There is a sense that there will be a default of some kind. The reason this is unclear then to be because Greece is using the Euro. Therefore, it is not simply a currency devaluation that is possible, but a debt default. Lenders may also be required to write off their losses on the loans they have made.

The next tranche was to be released to Greece. Nonetheless, despite Greece approving its tough budget for 2013, the next tranche will not be released immediately as there is still no agreement on how to make the country's debt sustainable. Eurozone finance ministers agreed to give Greece two more years - until 2016 - to meet the deficit reduction targets that are a condition of the bailout loans. However, the key to releasing the next tranche of bailout loans is to reach agreement on how to make Greek debt sustainable again. Greece's debt is currently forecast to hit almost 190% of GDP next year.

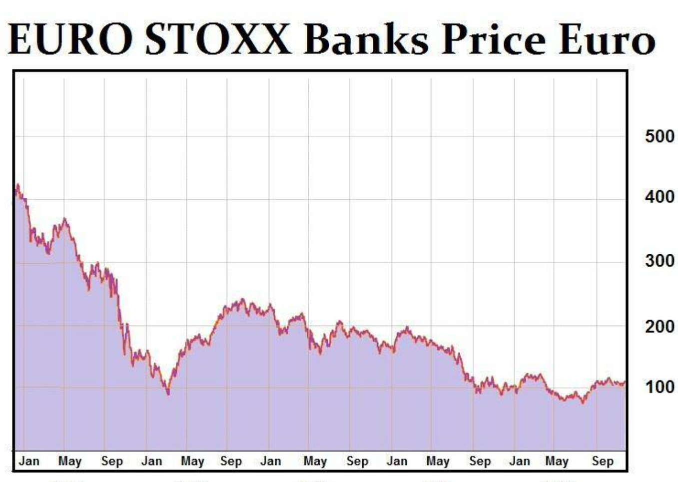
In the meantime, Greece is suffering a major talent drain. Those that can find jobs elsewhere are leaving. Even the rich are bailing out. This has a serious long-term impact upon Greece's economy. There is no means to raise taxes and exploit the people to pay the lenders. This is the same position that the Allies had forced upon Germany following World War I and the impossible Reparation Payments that paved the way for Hitler to gain power. Seeking urgent bridge financing in case it does not get the next tranche of bailout is only illustrating the crisis at the core level.

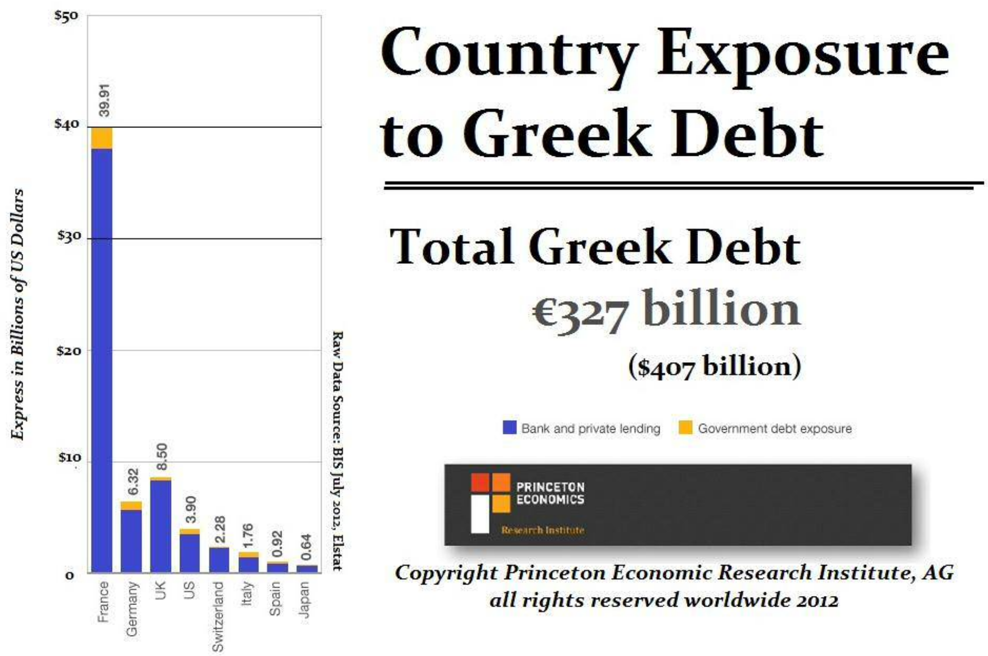
When Antonis Samaras's New Democracy won the general election in June, he insisted Greece did not need a further bailout but wanted a two-year "breathing space" to meet the tough budget targets attached to the bailout from the EU and IMF. Greece was granted the extra time, but major problems remain and the financial markets are still nervous.

Greece's economy will continue to contract sharply. There is no possible way the country will be able to repay its debts. Politicians are living in a dream world. If the rest of Europe is no longer willing to provide loans that will never be paid any more than their own national debts, then Greece may be forced to leave the euro yet remain within the EU. The Greek people are more likely to get fed up with rising unemployment and falling living standards. Already the protests have portrayed the Germans as dictators. Resentment and memories from World War II are alive and well making it impossible for the government to continue with austerity.

The prospects for Europe if Greece does not repay its creditors, does more than just establish a dangerous precedent. There is the contagion effect where investors become increasingly nervous about the likelihood of other highly-indebted nations, such as Italy, Spain, and Portugal. If investors stop buying bonds issued by other governments, then those governments in turn will not be able to repay their creditors - a potentially disastrous vicious circle that is inevitable. This is the pending **Sovereign Debt Crisis**. The European leaders have agreed a 700bn-euro firewall to protect the rest of the Eurozone from a full-blown Greek default. However, one indebted nation with no intent of paying off its own debt merely lend to another indebted nation who can't pay off its debt seems to be a very bizarre economic fiction.

The real key is the banking system. Eurozone banks are suffering from chronic depositor bank runs. Since July 2011, there have been numerous infusions and numerous bailouts later, but the Eurozone banks, as represented by the ***Euro Stoxx Banks Index***, have fallen more than 50% from their July 2011 levels and have reached a low in July 2012. If banks that are already struggling to find enough capital are forced to write off more money over and above that which they have already agreed to, we are setting the stage for a Great Depression style banking collapse. For example, Greece owes French banks $38bn, German banks $5.5bn, UK banks $8.2bn and US banks $3.5bn. A Greek default would have the greatest impact upon the European banking system and could set in motion a further flight to the dollar and to the Swiss franc breaking that peg. Additional flight of capital may be seen to banks in Germany or the Netherlands. If Greece were to leave the euro, the country would almost certainly reintroduce the drachma, which would devalue dramatically and quickly, making it even easier for Greece to repay its devalued debts.



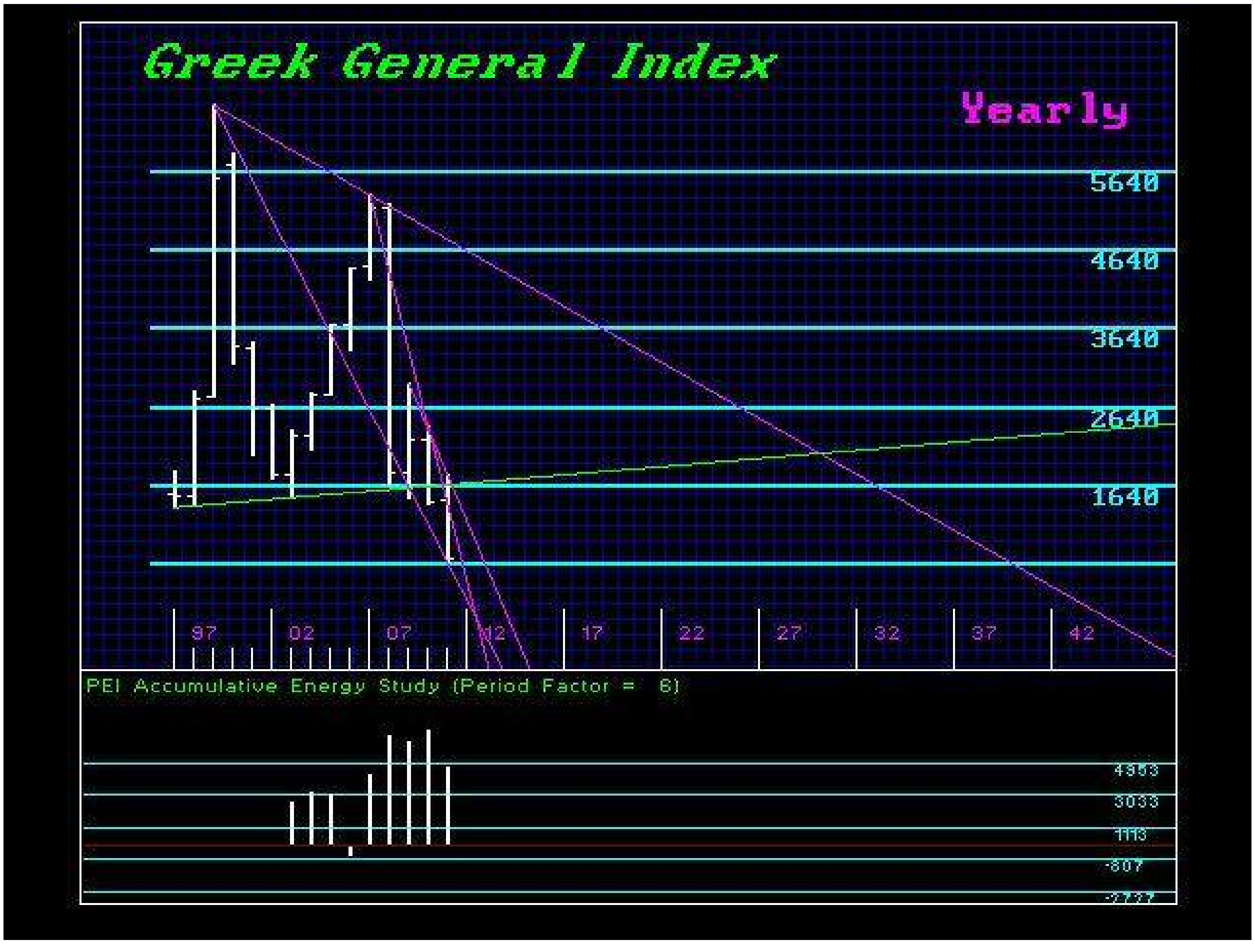


Clearly, the expose of French banks is by far the worse within Europe. Therefore, we must realize that a Greek default will have the greatest impact within the French banking system. The United States exposure to Greece will be minimal at best as is the case with Switzerland. Therefore, any flight of capital set in motion would also most likely push France into economic turmoil behind the curtain.

Greece appears to be oversold with respect to its share market. This is a hint that we may indeed see a break with the Euro based debts. Either the debts are forgiven, or they are defaulted upon in some manner. The transition to the Euro without collecting all the national debts as they stood at that moment in time, saddled the weaker economies with rising debt in real terms once converted to Euro.

Once the old Greek debt was converted to the Euro, it rose in real terms with the Euro against the dollar. This resulted in "real terms" the net cost of the national debt rose. It was not just the expansion of debt that Greece enjoyed the new liquidity that the Euro provided, but it also increase the real cost of the old debt. This created a situation that was simply unsupportable for Greece to handle. Going forward, there is no degree of a bailout that will solve the problem. Greece had enjoyed the privilege of issuing debt that depreciated in real terms. That advantage was reversed and therein we find the problem why no bailout will correct the economic implosion in Greece.

YEARLY LEVEL



This year, after studying the recent price action, we have found that on the Yearly level of our system model in the ***Greek General Index***, everything is bearish on both momentum and trend as far as the short-term is concerned. Even though the short-term indicators are still bearish on a Yearly level, we find that the intermediate indicators are bullish. This suggests that the 64180 level is where intermediate support will be found for now followed by 56190. A yearend closing **ABOVE** 64180 will hint that the intermediate indicators are starting to shift into a neutral position for 2013. Of course, we need to see a monthly closing **ABOVE** 84765 to signal that the major low established in June 2012 at 47135 may be in place on a long-term perspective. The fact that the low came 17.2 quarters after the 2007 target high, lends support to the hope that low might be in place. However, 2013 is still a key target year for a major turning point. A 2012 closing **BELOW** 68042 will warn that we still could move lower into 2013. A closing **ABOVE** 73959 for 2012 will be a bullish indication near-term.

On the broader perspective, the Cyclical Strength Model is currently bullish indicating long-term we still can see this market reverse to the upside. Everything on the long-term models, including momentum and trend, is still in the bullish mode on the Yearly level. Despite the overall appearance, the back of the Greek market has not been irreversibly broken. The rally from the June low of 47135 reached 91099 the week of October 22nd, 2012. This was impressive.

Resistance looking into yearend and into 2013 stands at the 101800, 114000 and 115500 levels on our Yearly Models. A closing **ABOVE** 73959 for yearend 2012 will be a positive development hinting that indeed we may have the final low in place and that this share market will start to rally as hedge against sovereign debt in Greece. Keep in mind that even if Greece defaults, the private assets will rise.

The primary resistance for 2013 will stand at 138300, 162700, and 236700. If 2013 closes **ABOVE** 132362 at yearend, then we should see a recovery in private assets. However, a closing for 2012 **BELOW** 68042 will warn that we could still retest support ion 2013 one more time. A closing **ABOVE** 73959 for 2012 will help to build a base in the broader-term.

YEARLY REVERSAL SYSTEM

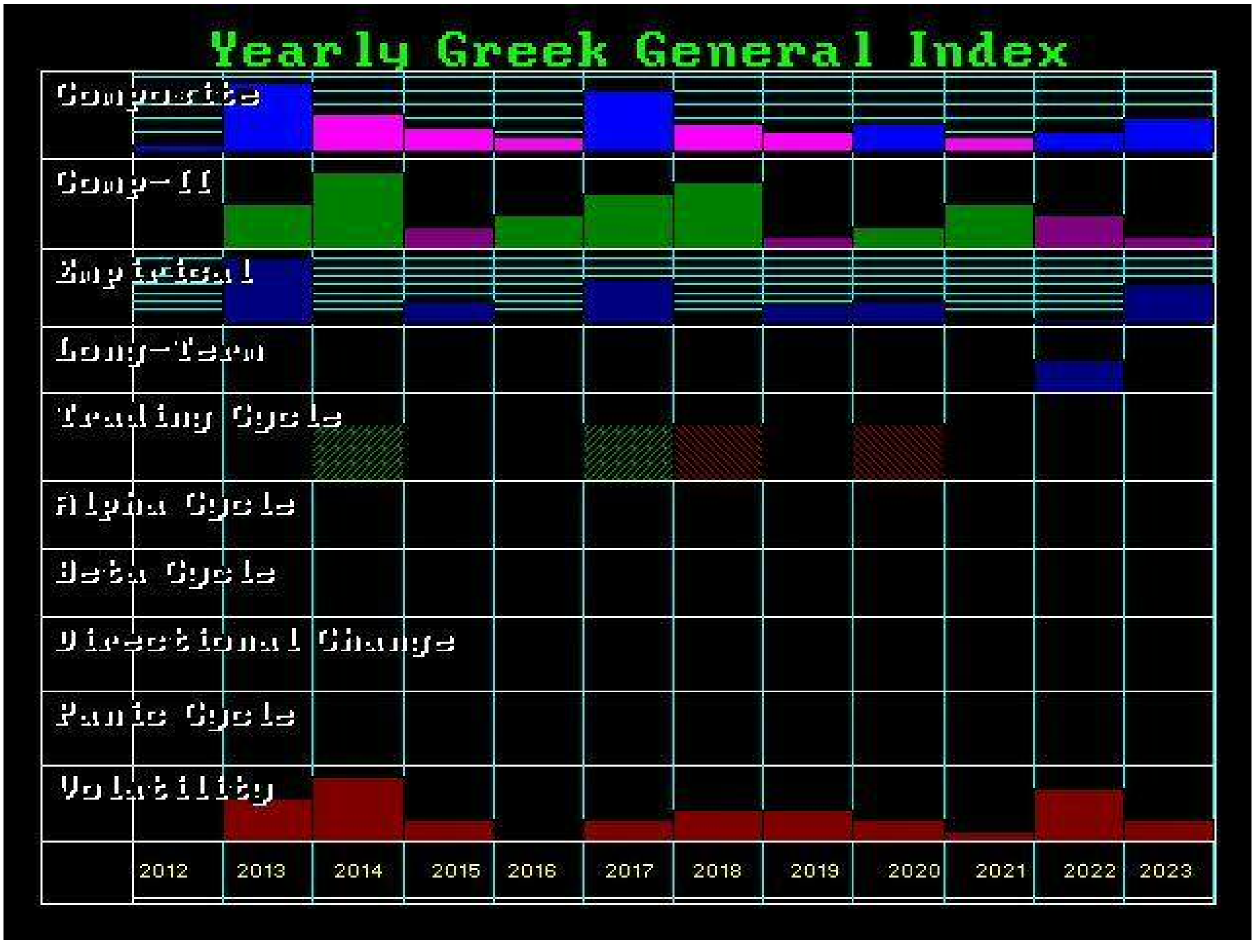
According to our Reversal System model, the Major Yearly Bullish Reversal is standing at 280171, 293250, and 587500. As a result, only a yearly closing **ABOVE** 280171 will signal that an immediate uptrend should unfold thereafter.

Our Major Yearly Bearish Reversal lies at the 38065 level. So far, this market fell to 47135 in June 2012 holding well **ABOVE** the Major Yearly Bearish Reversals. The Minor Yearly Bearish Reversal rests at 53930. We closed 2011 at 68042 and thus held this Minor Yearly Bearish Reversal as well suggesting that the trend was indeed starting to come to an end.

Yearly Reversals

Major Bullish 280171 293250 587500
Major Bullish 38065
Minor Bullish 53930

YEARLY TIMING



On our empirical models, the ideal primary target for the next key turning point on the yearly level remains 2013 in ***Greek General Index***. If this next target objective produces a high, then it is possible to decline into 2015-2016 and rally again into 2017 with a decline thereafter into 2019. This depends upon electing Yearly Bullish Reversals by the end of 2013. Ideally, each of these targets should produce the opposite of the previous. Therefore, if 2013 produces a new low, then thereafter expect a rally into 2015-2016, a decline into 2017 with a recovery into 2020.

Utilizing a composite structure in cyclical timing analysis, the key years for a turning point in Greek General Index will be 2020 and 201951. We see higher volatility in 2014 returning again after 2016 and building into 2022.

Yearly Turning Points:

2013, (2015-2016), 2017, 2020, (2022), 2023

YEARLY TECHNICAL OUTLOOK

RESISTANCE: 115453 463458
SUPPORT: 38067 15497

TABLE #1
Yearly Technical Projections

2012...	53931	113938	115453	167007	463458
2013...	43676	56189	101756	169316	449228
2014...	--------	33422	89575	171625	434999
2015...	--------	23168	77394	173935	420770
2016...	--------	12914	65212	176245	406541
2017...	--------	--------	53030	178554	392312
2018...	--------	--------	40849	180864	378082

Yearly Indicating Ranges

Date	Momentum	Trend	Long-Term
2012	293259-162668	276259-207260	280171-145780
2013	236685-145778	278651-162670	316525-293245
2014	336224-135615	440444-138300	345600-236682

2012 MOMENTUM INDICATORS HLC 234881 116089 143017

QUARTERLY LEVEL

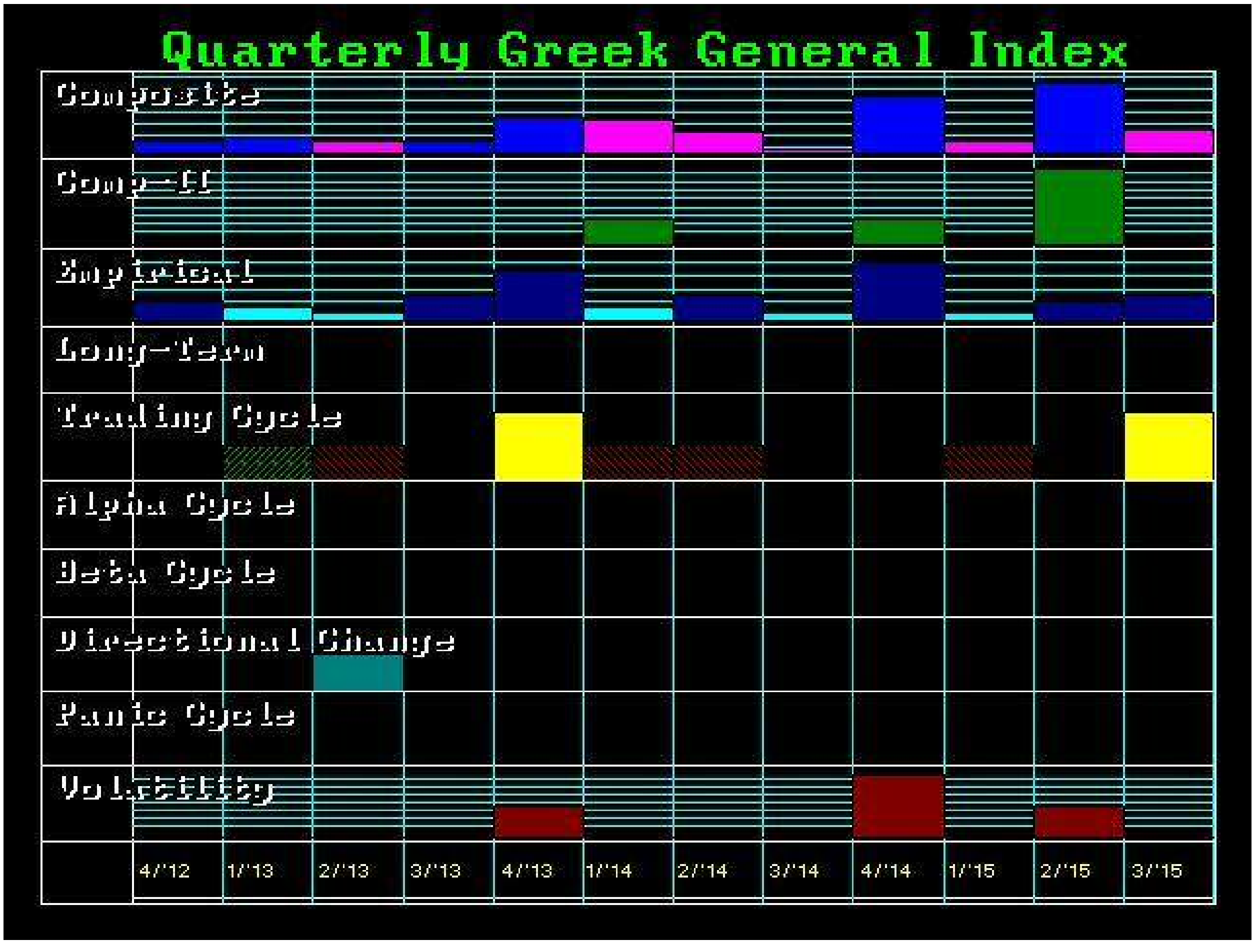
QUARTERLY REVERSAL SYSTEM

On the Reversal System, our Major Quarterly Bullish Reversals stand definitively at 315126, 480255, 520745, and 648440. Our model also highlights Minor Quarterly Bullish Reversals above the market at 73960, 156175, 210398, 293245, 397870, and 431724. Hence, only a quarterly closing **ABOVE** 73960 will signal that a temporary shift in trend is possible. Otherwise, a Quarterly closing **ABOVE** 156175 is necessary to indicate a change in near-term trend.

Quarterly Reversals

Major Bullish 315126 480255 520745 648440
Minor Bullish 73960 156175 210398 293245 397870 431724
Major Bearish 41779 39100
Minor Bearish 62170

QUARTERLY TIMING



According to our empirical models, the ideal primary target for the next key turning point on the quarterly level, remains 10/2012, followed by 04/2013 where we also have a Directional Change. Thereafter, the next turning point will be 10/2013 followed by a minor turning point 04/2014 building into a stronger target 10/2014 and the 04/2015.

Using a composite of cyclical analysis, the key quarters for a turning point in Greek General Index will be 04/2017 and 01/2020.

Our Directional Change models indicate that a turning point is due the quarter of 04/2013.

Quarterly Turning Points:

(10/2012), 04/2013, 10/2013, (04/2014), 10/2014, 04/2015

QUARTERLY TECHNICAL OUTLOOK

RESISTANCE: 83904 171955 256406
SUPPORT: 63757 31958

TABLE #2
Quarterly Technical Projections

10/2012...	31958	63757	83904	17195	25640
01/2013...	24370	58289	82306	17261	25333
04/2013...	16782	52820	80708	17327	25026
07/2013...	9193	47352	79110	17393	24719
10/2013...	1605	41883	77513	17459	24412
01/2014...	----	36415	75915	17525	24105
04/2014...	----	30947	74317	17591	23798

Quarterly Indicating Ranges

Date	Momentum	Trend	Long-Term
10/2012	164512-64185	293345-82637	424516-139585
01/2013	174717-62171	194181-84763	461661-135165
04/2013	165821-47135	243139-73959	447674-119728

4TH QUARTER '2012 MOMENTUM INDICATORS HLC 79264 55797 69307

MONTHLY LEVEL

MONTHLY REVERSAL SYSTEM

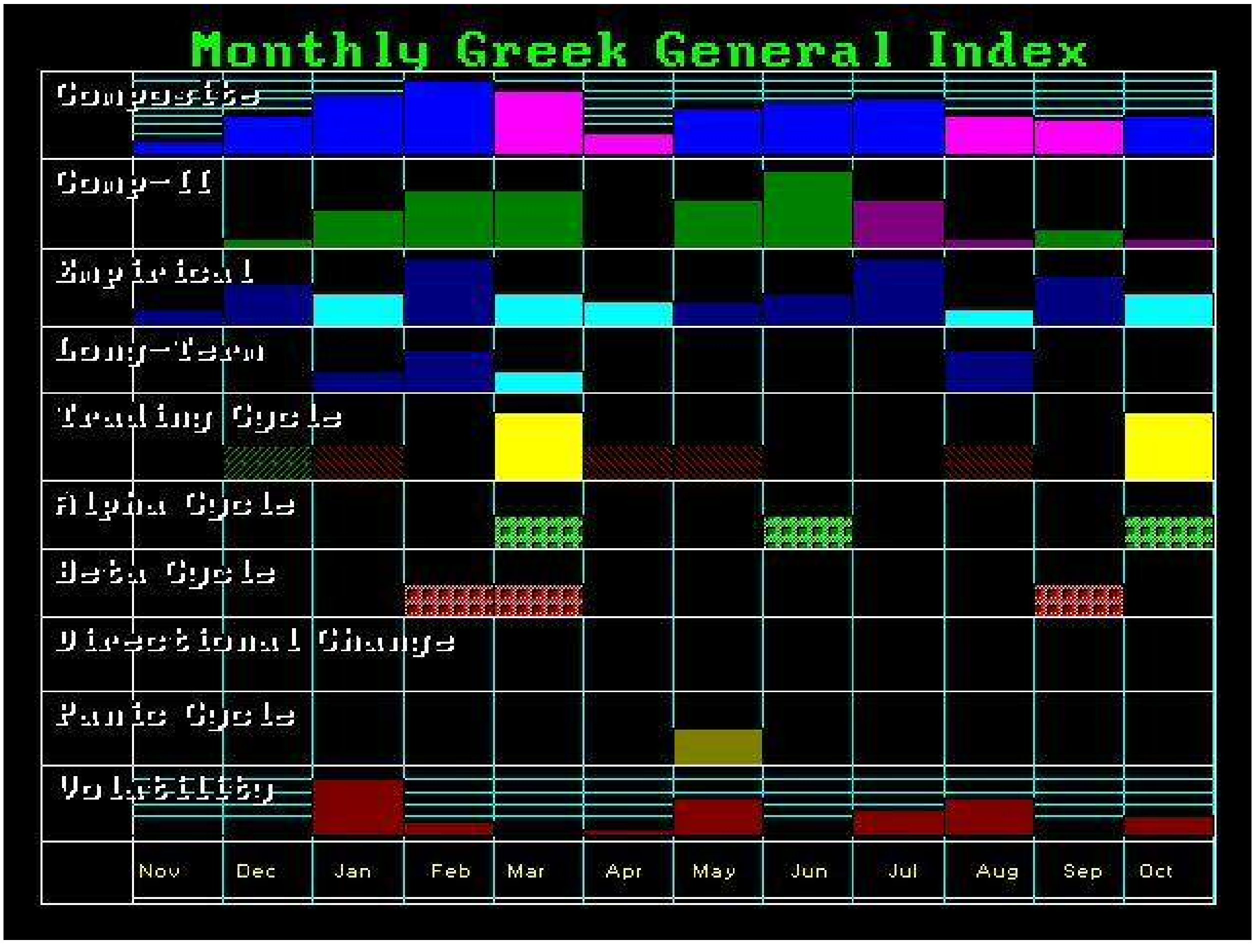
Looking at our Reversal System, we show that the Major Monthly Bullish Reversals stand at 293350, 418218, 488140, and 534605. Our model also highlights Minor Monthly Bullish Reversals above the market at 84765, 94095, 172665, and 172720. Hence, only a monthly closing **ABOVE** 84565 will signal that a shift the downtrend is unfolding. A monthly closing **ABOVE** 94095 will indicate that an immediate uptrend should unfold thereafter.

On the Reversal System, we find that the Minor Monthly Bearish Reversals are found at 71497 and 47135. Our Major Monthly Bearish Reversal lies at 31958. Therefore, only a monthly closing **BELOW** 71497 will signal that a downtrend is likely to resume near-term.

Monthly Reversals

Major Bullish 293350 418218 488140 534605
Minor Bullish 84765 94095 172665 172720
Major Bearish 31958
Minor Bearish 71497 47135

MONTHLY TIMING



Looking at our empirical models, the ideal primary target for the next major turning point on the monthly level, remains 02/2013, with a minor turning point possible 12/2012. Thereafter, the next minor turning point will be 04/2013 followed by a Panic Cycle 05/2013 building into the next turning point being 07/2013. There will be some choppy market thereafter since noth 08/2013 and 09/2013 appear to be minor turning points.

Utilizing a composite structure in cyclical timing analysis, the key months for a turning point in Greek General Index will be 06/2014 and 09/2014.

Our Panic Cycle Models suggest that higher volatility is due the month of 05/2013. We see high volatility in 01/2013, 05/2013, and 08/2013 in line with the ECM due 8/07/2013.

Monthly Turning Points:

(12/2012), 02/2013, (04/2013), 07/2013, (10/2013)

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 253489 336024
SUPPORT: 63616

TABLE #3

Monthly Technical Projections

11/01...	123836	94313	63206	63616	25348	33602
12/01...	123337	97527	66420	61749	25241	33425
01/01...	122828	100742	69635	59882	25134	33248
02/01...	122339	103956	72849	58014	25026	33070
03/01...	121841	107170	76063	56147	24919	32893
04/01...	121342	110384	79277	54279	24811	32716
05/01...	120843	113599	82491	52412	24704	32539

Monthly Indicating Ranges

Date	Momentum	Trend	Long-Term
11/2012	116604-58087	131867-66249	139781-72457
12/2012	86661-58981	122491-65425	135165-69249
01/2013	79071-48409	94095-64222	154364-70136

NOVEMBER MOMENTUM INDICATORS HLC 78531 65718 72908

A TECHNICAL OUTLOOK FOR THE GERMAN DAX INDEX

The **German DAX** Index shows a distinctly different pattern compared to that of France or Italy. Here we see that the 2000 high of 8136.0 was slightly exceeded in 2007 reaching 8151.5. Nonetheless, it was 2007 that also produced the highest annual closing at 8067.7. This overall pattern suggests that there is no long-term bear market as we see in France. Clearly, the capital markets are pricing in a substantial discount to France compared to Germany despite the press that tend to portray them as a strong economic powerhouse within Europe. That title may belong to Germany, but France is clearly in a long-term bearish trend despite the failure of the media to realize the real impact of the socialistic agenda in France. Nevertheless, Germany may preach austerity, but its government is by no means living within its means. More than 50% of the civil work force is employed by government. The euro zone, which now accounts for just 17 percent of global output, should continue to shrink to just about 9 percent by 2032. Despite the general view of Germany, its economy is slowly spiraling down.

GDP (purchasing power parity)
$3.085 trillion (2011 est.)
$3.003 trillion (2010 est.)
$2.9 trillion (2009 est.)
note: data are in 2011 US dollars
GDP (official exchange rate)
$3.629 trillion (2011 est.)
GDP - real growth rate
2.7% (2011 est.)
3.6% (2010 est.)
-5.1% (2009 est.)
GDP - per capita (PPP)
$37,900 (2011 est.)
$36,800 (2010 est.)
$35,500 (2009 est.)
note: data are in 2011 US dollars
GDP - composition by sector
agriculture: 0.8%
industry: 28.6%
services: 70.6% (2011 est.)
Population below poverty line
15.5% (2010 est.)
Labor force
43.62 million (2011 est.)
Labor force - by occupation
agriculture: 1.6%
industry: 24.6%
services: 73.8% (2011)
Unemployment rate
6% (2011 est.)
6.8% (2010 est.)
note: this is the International Labor Organization's rate for international comparisons; Germany's Federal Employment Agency reported an annual average unemployment rate of 7.1% for 2011 and 7.7% for 2010.
Unemployment, youth ages 15-24
total: 11%
male: 12%
female: 9.8% (2009)
Household income or consumption by percentage share
lowest 10%: 3.6%
highest 10%: 24% (2000)
Distribution of family income - Gini index
27 (2006)
30 (1994)
Investment (gross fixed)
18.2% of GDP (2011 est.)
Budget
revenues: $1.551 trillion
expenditures: $1.588 trillion (2011 est.)
Taxes and other revenues
43.6% of GDP (2011 est.)
Budget surplus (+) or deficit (-)
-1.7% of GDP (2011 est.)

Focusing on the DAX, despite that closing for 2007 at 8067.7, our Major Yearly Bullish Reversal in the DAX still stands at 8146.0 and that has not been breached. When that is elected, then we will see a major breakout for the DAX similar to that of the US market. Keep in mind that German shares will also represent a double-edge sword. **FIRST**, they are the traditional mainstay of **PRIVATE v PUBLIC** assets in Europe attracting capital concerned about the **Sovereign Debt Crisis**. **SECONDLY**, those who are betting on the demise of the Euro expect that German assets are the best holdings for if the Euro fails, those who have German assets will get the Deutsche Mark once again.

German politicians have concluded negotiations on the country's 2013 budget. The government will still borrow billions in the coming year, but the figure's markedly lower than it was for the present year.

The debate might be ongoing in Brussels, with Chancellor Angela Merkel not hopeful of a resolution, but the government in Berlin has signed off on its 2013 spending after four days of parliamentary debate.

Germany's opposition parties largely opposed the budget in the final vote, making the tally 312 parliamentarians in favor, 258 against, with no abstentions.

Expenditure in 2013 should total 302 billion euros ($389 billion), with 17.1 billion euros financed through fresh loans. That final figure was slightly lower than the one initially envisioned by Finance Minister Wolfgang Schäuble, and over 11 billion euros lower than German government borrowing in 2012.

"With this, we are introducing the terms of the debt brake three years more promptly than constitutionally stipulated," the budgetary and financial spokesman for the Christian Social Union (CSU), Bartholomäus Kalb, told parliament, saying it was impressive to rein in spending even while logging record tax revenues. The CSU is the Bavarian arm of Merkel's Christian Democratic Union.

Braking the sovereign debt cycle

Germany's constitutional court ruled in 2009 that German national debt, which is approaching 80 percent of Gross Domestic Product, was too high and needed to be limited. The court set a nominal borrowing limit for 2016 and beyond, followed by a ban of any structural budget deficits as of 2020. Next year's German budget would conform with the 2016 rules, the government said.

Repayments on the national debts are just never considered in the postwar political-economic world. This increasing nightmare is never even addressed. Only an idiot would run a nation this way. In Germany's case, the government will spend as much in 2013 servicing old debts (around 33.3 billion euros) as it spends on the defense ministry. This is the real time bomb ticking under the surface. It will only be addressed when it explodes in their face. Interest will consume everything forcing austerity that eliminates social spending diverting all revenue to keep the debt rolling.

Public debt
81.5% of GDP (2011 est.)
83.4% of GDP (2010 est.)
note: general government gross debt is defined in the Maastricht Treaty as consolidated general government gross debt at nominal value, outstanding at the end of the year in the following categories of government liabilities (as defined in ESA95): currency and deposits (AF.2), securities other than shares excluding financial derivatives (AF.3, excluding AF.34), and loans (AF.4); the general government sector comprises the sub-sectors of central government, state government, local government and social security funds; the series are presented as a percentage of GDP and in millions of euro; GDP used as a denominator is the gross domestic product at current market prices; data expressed in national currency are converted into euro using end-year exchange rates provided by the European Central Bank
Inflation rate (consumer prices)
2.2% (2011 est.)
1.1% (2010 est.)
Central bank discount rate
1.75% (31 December 2011)
1.75% (31 December 2010)
note: this is the European Central Bank's rate on the marginal lending facility, which offers overnight credit to banks in the euro area
Commercial bank prime lending rate
8.4% (31 December 2011 est.)
4.96% (31 December 2009 est.)
Stock of narrow money
$1.831 trillion (31 December 2011 est.)
$1.747 trillion (31 December 2010 est.)
note: see entry for the European Union for money supply in the euro area; the European Central Bank (ECB) controls monetary policy for the 17 members of the Economic and Monetary Union (EMU); individual members of the EMU do not control the quantity of money circulating within their own borders

Stock of broad money
$4.437 trillion (31 December 2011 est.)
$4.173 trillion (31 December 2010 est.)
Stock of domestic credit
$4.689 trillion (31 December 2011 est.)
$5.2 trillion (31 December 2009 est.)
Market value of publicly traded shares
$1.43 trillion (31 December 2010)
$1.298 trillion (31 December 2009)
$1.108 trillion (31 December 2008)

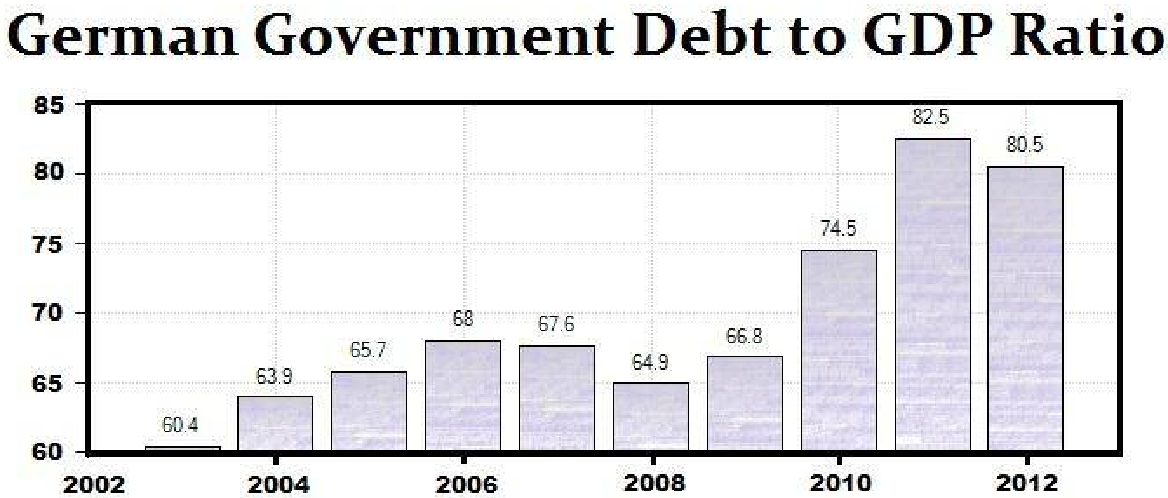
Current Account Balance
$149.3 billion (2011 est.)
$188.4 billion (2010 est.)
Exports
$1.408 trillion (2011 est.)
$1.264 trillion (2010 est.)
Imports
$1.198 trillion (2011 est.)
$1.058 trillion (2010 est.)

Reserves of foreign exchange and gold
$216.5 billion (31 December 2010 est.)
Debt - external
$5.624 trillion (30 June 2011)
$4.713 trillion (30 June 2010)
Stock of direct foreign investment - at home
$998.1 billion (31 December 2011 est.)
$956.6 billion (31 December 2010 est.)
Stock of direct foreign investment - abroad
$1.486 trillion (31 December 2011 est.)
$1.427 trillion (31 December 2010 est.)
Fiscal year : calendar year

The labor and social ministry remains the wealthiest with a budget of almost 120 billion euros, defense and debt repayments are next in line, while the justice ministry is the least well-funded – with a budget of just over €606 million.

Former German Finance Minister Peer Steinbrück, the opposition Social Democrat candidate for chancellor in next year's federal elections, has argued that the final budget talks should be deferred until uncertainty over EU expenditures were cleared up in Brussels. Meanwhile, Germany is also hunting down its citizens and residents with deposits in Switzerland. The Swiss and German federal government had wanted the tax deal. Berlin had aimed to recover a portion of monies deposited by Germans in the neighboring tax haven. Assets deposited over the past 10 years would have been subject to tax levels of between 21% and 41%. In exchange, those who paid up would not have had their identities revealed to the relevant German authorities. Insofar as future earnings deposited in Switzerland are concerned, they would have been subject to similar rates for capital holdings in Germany - roughly 26%.

Not even the 800 pound gorilla in the room can figure out the illogical fiscal mismanagement of postwar politicians. It plainly appears that they are so Marxist in their fundamental belief of promising to steal from the rich and hand it to the poor, they cannot figure out that they are destroying the productive class and handing the wealth not to the poor, but to the bondholders. National Debts are not the "blessing" as promised by Alexander Hamilton, but more along the lines of strip-mining society of its ability to be productive. Perhaps they should have read Ann Rand's (1905-1982) ***Atlas Shrugged***. The European Commission has actually institutionalized borrowing deficits perpetually stating that member states should keep deficits under 3% of GDP. There is no plan to ever pay anything off so why borrow? Why not just print the money necessary to fund government? There is more going out in interest to keep the debt rolling that is going to pay for health, education, and welfare. This makes no sense whatsoever.



GERMAN Economy - overview

The German economy - the fifth largest economy in the world in PPP terms and Europe's largest - is a leading exporter of machinery, vehicles, chemicals, and household equipment and benefits from a highly skilled labor force. Germany is highly dependent upon the EU and trade. Without that, its economy would shrink. Some say Germany has wised up and conquered Europe through trade rather than arms. To a large extent, China has done the same. It is Russia still trapped in its own world of empire building.

Nevertheless, like its Western European neighbors, Germany faces significant demographic challenges to sustained long-term growth. Low fertility rates and declining net immigration are increasing pressure on the country's social welfare system and necessitate structural reforms. Reforms launched by the government of Chancellor Gerhard Schroeder (1998-2005), deemed necessary to address chronically high unemployment and low average growth. The global economic debt bubble going into 2007 contributed to strong growth in 2006 and 2007 and falling unemployment Germany. These advances, as well as a government subsidized, reduced working hour scheme, helped explain the relatively modest increase in unemployment during the 2008-09 recession - the deepest since World War II - and its decrease to 6.0% in 2011. GDP contracted 5.1% in 2009 but grew by 3.6% in 2010, and 2.7% in 2011.

The German recovery was attributable primarily to rebounding manufacturing orders and exports - increasingly outside the Eurozone. Germany's central bank projects that GDP will grow 0.6% in 2012, a reflection of the worsening Eurozone financial crisis and the financial burden it places on Germany as well as falling demand for German exports. With Europe in economic crisis, it has merely been delayed in spreading to Germany – it is not immune.

Domestic German demand is therefore becoming a more significant driver of Germany's economic expansion. Stimulus and stabilization efforts initiated in 2008 and 2009 and tax cuts introduced in Chancellor Angela Merkel's second term increased Germany's budget deficit to 3.3% in 2010, but slower spending and higher tax revenues reduce the deficit to 1.7% in 2011, below the EU's 3% limit. A constitutional amendment approved in 2009 limits the federal government to structural deficits of no more than 0.35% of GDP per annum as of 2016.

Following the March 2011 Japanese Fukushima nuclear disaster, Chancellor Angela Merkel announced in May 2011 that eight of the country's 17 nuclear reactors would be shut down immediately and the remaining plants would close by 2022. Germany hopes to replace nuclear power with renewable energy. Before the shutdown of the eight reactors, Germany relied on nuclear power for 23% of its energy and 46% of its base-load electrical production.

Recent data from the survey of manufacturing managers now implies that German economic growth is shrinking. That slowdown has been most visible among car companies, like Volkswagen and Daimler, which reported lower earnings.

YEARLY LEVEL

This year in the **German DAX Index** on the Yearly level closed 2011 with Immediate Trend, Short-Term Momentum and Trend indicators all in a neutral posture. Intermediate Momentum was still bullish but the trend level was neutral. Long-Term Trend and Cyclical Strength Indicators were still in a Bullish Mode warning that there is no real bear market in play at this time. The year 2011 was an outside reversal insofar as it exceeded the 2010 high and penetrated the 2010 low yet closed within the 2010 trading range at 5898.5. A yearly closing **BELOW** 4014.5 will signal a further decline ahead but support lies at 2800.0 just below the 2009 low of 3589.0. It will take an annual closing **ABOVE** 8100 to signal a breakout to new highs. Nevertheless, resistance stands at 6026.5 followed by 6500.0-6625.0 with major resistance to the resumption of bullish trend standing at 6993.0 at this time. From a timing perspective, we see 2012 as a key target for a turning point with 2014 and 2016 thereafter.

YEARLY LEVEL

YEARLY REVERSAL SYSTEM

At this time, the Major Yearly Bearish Reversals are 3618.5, 2519.5, 2271.4, 1953.2 and 1893.6. Therefore, only a yearly closing **BELOW** 3618.5 will signal that an immediate downtrend could unfold leading to a renewed bear market ahead. According to our model, the Minor Yearly Bearish Reversals are found at 4157.5, 4014.5, and 2833.8. Consequently, only a yearly closing **BELOW** 4014.5 will signal that an immediate downtrend could continue to unfold into 2013 before concluding the downtrend.

Our Yearly Bullish Reversal stands above the market at 8100.0 and 8146.0. A yearly closing **ABOVE** 8100.0 will signal that this market should continue to advance to new recent highs. However, as long as this market remains below 8100.0 on a yearly closing basis, then the immediate trend must be considered as neutral.

Yearly Reversals

Major Bullish 8100.0 8146.0
Major Bearish 3618.5 2519.5 2271.4 1953.2 1893.6
Minor Bearish 4157.5 4014.5 2833.8

YEARLY TIMING

On our empirical models, the ideal primary target for the next key cyclical turning point on the yearly level remains 2012, particularly since 2011 produced a high at 7600.50 in the **GERMAN DAX INDEX**. If this new target objective is successful, we then expect to see a reaction in the opposite direction unfold on the next major cycle target leading into 2014. Thereafter, a re-test in the opposite direction should develop into 2016 which is the next minor target objective with an opposite move again into 2018.

Utilizing a composite structure in cyclical timing analysis, the key years for a turning point in the **GERMAN DAX INDEX** will be 2027 and 2028. Our Directional Change models indicate that turning points are due the years of 2013 and 2014. This strongly suggests that we could have a reversal of trend from the event in 2012 with choppy markets into 2014. It appears the big targets will be 2014, 2016, 1018, 2020 and 2023. High volatility is likely in 2015, 2018, and 2022.

Yearly Turning Points:

(2012), 2014, 2016, (2018), 2020, 2023

YEARLY TECHNICAL OUTLOOK

SUPPORT: 39623

TABLE #1

Yearly Technical Projections

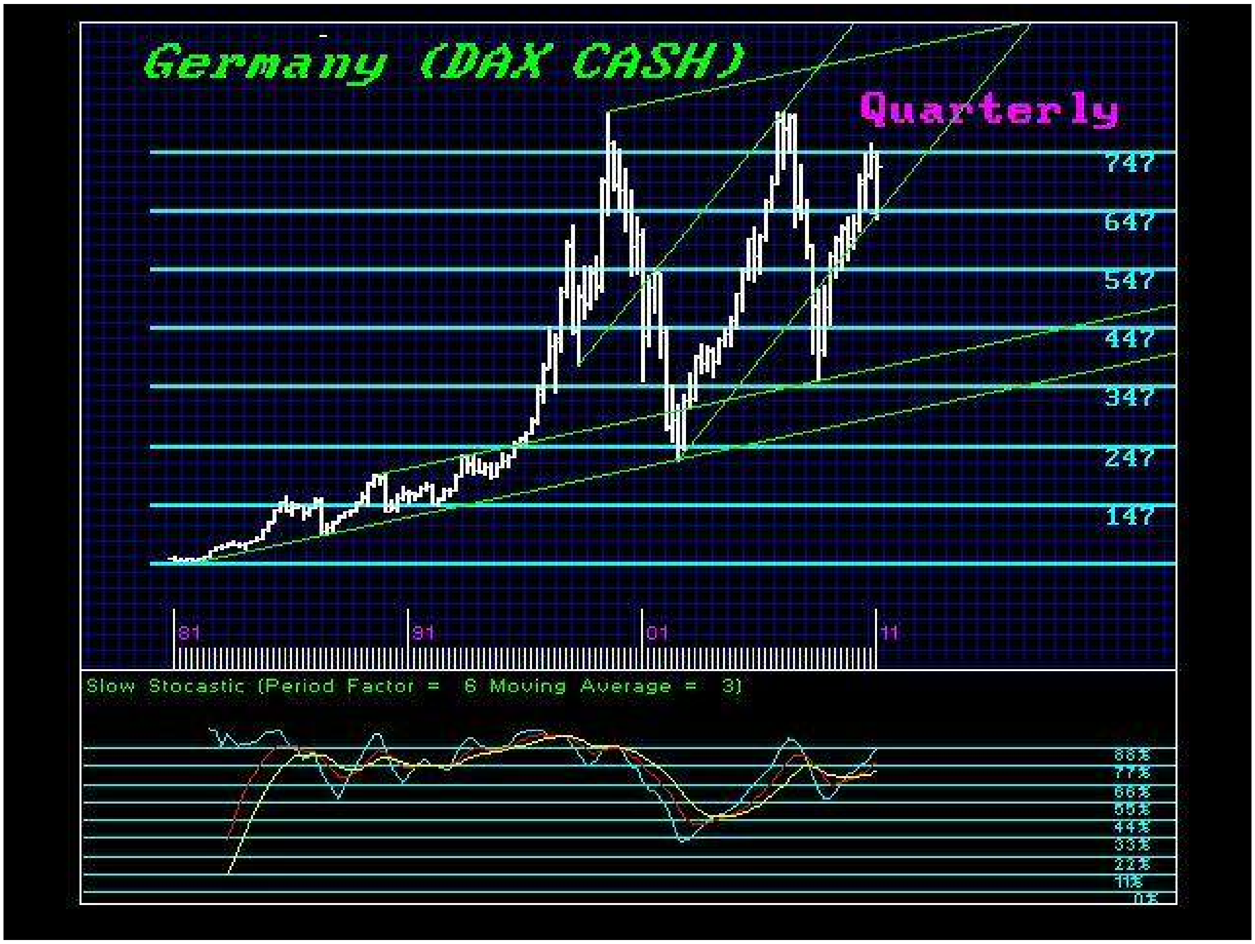
2012... 3962.3, 4424.9, 4869.8, 4952.8, 9100.8
2013... 4088.6, 4505.3, 4996.1, 5052.7, 9181.2
2014... 4214.9, 4585.7, 5122.4, 5152.5, 9261.6
2015... 4341.2, 4666.1, 5248.7, 5052.3, 9342.0
2016... 4467.5, 4746.5, 5375.0, 5352.2, 9422.4
2017... 4593.8, 4826.9, 5452.0, 5501.3, 9502.8
2018... 4720.1, 4907.3, 5551.8, 5627.6, 9583.2

Yearly Indicating Ranges

Date	Momentum	Trend	Long-Term
2012	60265-12486	64375-15860	69930-35890
2013	61105-9459	70880-15703	81005-40145
2014	49660-9311	60265-13404	67950-35390

2012 MOMENTUM INDICATORS HLC 6905.0 4662.6 6256.6

QUARTERLY LEVEL



QUARTERLY REVERSAL SYSTEM

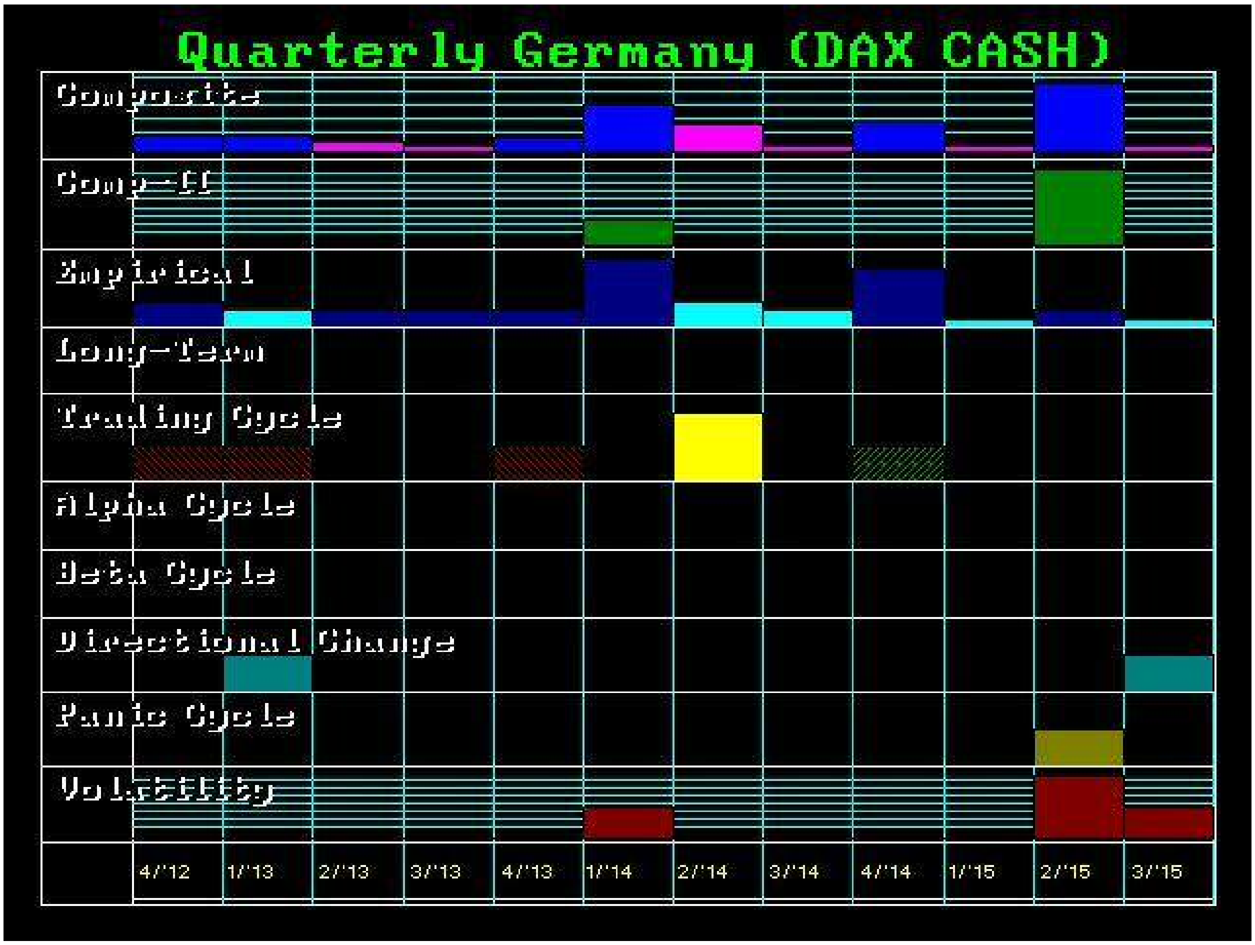
At this time, the Major Quarterly Bearish Reversals are 18935, 16870, and 15385. It is unlikely that these will be elected any time soon. The Minor Bearish Reversals are 61680, 58095, 54330, 38390, 36185, 33660, 23955, and 21890. As a result, only a quarterly closing **BELOW** 61680 will signal that an immediate downtrend should follow. Accordingly, only a quarterly closing **BELOW** 54330 will signal that a serious sell-off is likely to continue from there in the short-term.

On our Reversal System the Major Quarterly Bullish Reversal is standing at 81180. Our model also highlights a Minor Quarterly Bullish Reversal standing at 74785. Therefore, only a quarterly closing **ABOVE** 74785 will signal that an immediate uptrend should unfold thereafter.

Quarterly Reversals

Minor Bullish 74785
Major Bullish 81180
Major Bearish 18935 16870 15385
Major Bearish 61680 58095 54330 38390 36185 33660 23955 21890

QUARTERLY TIMING



According to our empirical models, the ideal primary target for the next key turning point on the quarterly level remains 10/2012, followed by 07/2013, 01/2014, 04/2014, and 04/2015 where we have high volatility and a Panic Cycle. Ideally, each target should produce the opposite effect or the previous. During very strong moves (Phase Transition) there can be cycle inversions where two targets produce the same effect in a row.

Using a composite of cyclical analysis, the key quarters for a turning point in THE GERMAN DAX INDEX will be 01/2018 and 07/2023.

Our Directional Change models indicate that turning points are due the quarters of 01/2013 and 07/2015. Our Panic Cycle Models suggest that higher volatility is due the quarter of 04/2015.

Quarterly Turning Points:

(10/2012), 01/2013, 07/2013, 01/2014, 10/2014, 04/2015

QUARTERLY TECHNICAL OUTLOOK

RESISTANCE: 102541
SUPPORT: 42890 28937 20927

TABLE #2

Quarterly Technical Projections

10/2011...	28937	10254
01/2012...	29144	10377
04/2012...	29350	10501
07/2012...	29557	10625
10/2012...	29764	10748
01/2013...	29970	10872
04/2013...	30177	10996

Quarterly Indicating Ranges

Date	Momentum	Trend	Long-Term
10/2011	63870-41575	64835-46375	66265-56580
01/2012	61160-40145	69915-44450	70880-50620
04/2012	63245-35890	64835-47630	74420-51110

QUARTERLY PATTERN RECOGNITION

If this quarter closes below 72111, then the upward momentum has been lost which implies that a temporary top is in place and a near-term retest of support should begin.

4TH QUARTER '2011 MOMENTUM INDICATORS HLC 75070 65998 72111

MONTHLY LEVEL

MONTHLY REVERSAL SYSTEM

At this time, the Major Monthly Bearish Reversals are 36925, 33000, 32175, and 24330. Hence, only a monthly closing **BELOW** 36925 will signal that an major shift in trend. According to our model, the Minor Monthly Bearish Reversals are found at 59145, 58095, 56375, 55405, 53125, 51255, and 49660 with a **DOUBLE BEARISH REVERSAL** at **35890**. Thereupon, only a monthly closing **BELOW** 62080 will signal that a sell-off is likely to follow. Nonetheless, only a close below 35890 will suggest a reversal in long-term trend.

Looking at our Reversal System, we show that the Major Monthly Bullish Reversals are standing at the **DOUBLE BULLISH REVERSAL 80640** and 81005. Therefore, only a monthly closing **ABOVE** 80640 will signal that an immediate breakout to the upside should unfold thereafter. Our model also highlights Minor Monthly Bullish Reversal stands at 73785, 75145, and 76010.

Monthly Reversals

Minor Bullish 73785, 75145 76010
Major Bullish **80640** 81005
Major Bearish 36925 33000 32175 24330
Minor Bearish 62080 59145 58095 56375 55405 53125 51255 49660 **35890**

MONTHLY TIMING

Looking at our empirical models, the ideal primary target for the next important turning point on the monthly level remains 02/2013, with a minor target in 12/2012 and 01/2013. Thereafter, the next key target will be 05/2013 which should produce the opposite trend of 02/2013. We should then see an opposite direction into July with high volatility as we the reverse direction into the key target 09/2013 which we also have a Panic Cycle.

Utilizing a composite structure in cyclical timing analysis, the key months for a turning point in THE GERMAN DAX INDEX will be 05/2015 and 01/2018.

Our Directional Change models indicate that a turning point is due the month of 10/2013. Our Panic Cycle Models suggest that higher volatility is due the month of 09/2013.

Monthly Turning Points:

(12/2012), (01/2013), 02/2013, 05/2013, (07/2013), 09/2013

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 77227 83196
SUPPORT: 56735

TABLE #3

Monthly Technical Projections

11/01...	56735	77227	83196
12/01...	56672	77160	83595
01/01...	56610	77093	83995
02/01...	56547	77026	84394
03/01...	56484	76959	84794
04/01...	56422	76892	85193
05/01...	56359	76825	85593

Monthly Indicating Ranges

Date	Momentum	Trend	Long-Term
11/2012	64275-51255	64305-58765	65960-59145
12/2012	66685-53665	68350-61160	68930-61935
01/2013	69075-56375	71055-61700	71205-65860

MONTHLY PATTERN RECOGNITION

If this month closes below 71491, then the upward momentum has been lost which implies that a temporary top is in place and a near-term retest of support should begin.

NOVEMBER MOMENTUM INDICATORS HLC 73440 68698 71491

A TECHNICAL OUTLOOK FOR ITLIAN MIB INDEX

Our long-term view of the Italian share market basis the **MIB General** recognizes that the downtrend that has been in place since the 2000 high is likely to reach a conclusion going into this 2012-2013 turning point. Our Major Yearly Bearish Reversals still indicate where the major support lays 13250-13062. The 2009 low remains immediate support at 12332. The year-end closing for 2011 was still in a bearish posture with key resistance for the year 2012 now standing at 17800-18050 followed by 24600. Without getting back above 24600, this market remains in a bearish posture near-term. Volatility will rise in 2013 and seems to be generally rising into 2021. The strongest periods will be 2013 and 1016. We have Directional Change targets due in 2013 and 2014 warning that there are going to be confusing and choppy markets ahead.

Princeton's long-term outlook recognizes that the current bullish trend in may reach a final conclusion during 3912. Nevertheless, as long as 24558 stands as resistance on an annual closing basis, then the broader long-term bear market will remain in motion for the years ahead. However, if we close **ABOVE** 24558 on a yearly basis, then a continued bullish trend is likely for the near-term. Assuming that a3912 high holds, then the next low may form during 3914, 3915 or even perhaps during 3919.

GDP (purchasing power parity)
$1.822 trillion (2011 est.)
$1.814 trillion (2010 est.)
$1.791 trillion (2009 est.)
note: data are in 2011 US dollars
GDP (official exchange rate)
$2.246 trillion (2011 est.)
GDP - real growth rate
0.4% (2011 est.)
1.3% (2010 est.)
-5.2% (2009 est.)
GDP - per capita (PPP)
$30,100 (2011 est.)
$30,100 (2010 est.)
$29,800 (2009 est.)
note: data are in 2011 US dollars
GDP - composition by sector
agriculture: 2%
industry: 24.7%
services: 73.4% (2011 est.)
Population below poverty line
NA%
Labor force
25.08 million (2011 est.)
Labor force - by occupation
agriculture: 3.9%
industry: 28.3%
services: 67.8% (2011)
Unemployment rate
8.4% (2011 est.)
8.4% (2010 est.)
Unemployment, youth ages 15-24
total: 25.4%
male: 23.3%
female: 28.7% (2009)
Household income or consumption by percentage share
lowest 10%: 2.3%
highest 10%: 26.8% (2000)
Distribution of family income - Gini index
32 (2006)
27.3 (1995)
Investment (gross fixed)
20.5% of GDP (2011 est.)
Budget
revenues: $1.025 trillion
expenditures: $1.112 trillion (2011 est.)
Taxes and other revenues
46.4% of GDP (2011 est.)
Budget surplus (+) or deficit (-)
-3.6% of GDP (2011 est.)

ITALY Economic – overview

Italy is a major economic force within Europe. However, its taxes as a percent of GDP has reached 43.1% of the above ground economy and its official debt is 48.8% of GDP. Italy has a diversified industrial economy, which is divided into a developed industrial north, dominated by private companies, and a less-developed, welfare-dependent, agricultural south, with high unemployment. This is causing a tremendous unrest and talk under the surface of separatism as the North is fed up with Naples and Sicily, which it regards as their version of Greece.

The Italian economy is driven in large part by the manufacture of high-quality consumer goods produced by small and medium-sized enterprises, many of them family owned. Italy also has a sizable underground economy, which by some estimates accounts for as much as 17% of GDP. These activities are most common within the agriculture, construction, and service sectors.

Italy is the third-largest economy in the Eurozone, but exceptionally high public debt burdens and structural impediments to growth have rendered it vulnerable to scrutiny by financial markets. Public debt has increased steadily since 2007, reaching 120% of GDP in 2011, and borrowing costs on sovereign government debt have risen to record levels. During the second half of 2011 the government passed a series of three austerity packages to balance its budget by 2013 and decrease its public debt burden. These measures included a hike in the value-added tax, pension reforms, and cuts to public administration. The government also faces pressure from investors and European partners to address Italy's long-standing structural impediments to growth, such as an inflexible labor market and widespread tax evasion.

The international financial crisis worsened conditions in Italy's labor market, with unemployment rising from 6.2% in 2007 to 8.4% in 2011, but in the longer-term Italy's low fertility rate and quota-driven immigration policies will increasingly strain its economy. The Eurozone crisis along with Italian austerity measures have reduced exports and domestic demand, slowing Italy's recovery. Italy's GDP is still 5% below its 2007 pre-crisis level. It is hunting down the rich who have been exporting their exotic cars in record numbers. They have posted agents stalking jewelry stores looking for rich Italians spending money. This has been a devastating blow to the economy and risks a serious economic implosion.

Italy's economic troubles date back to the late 1990s, when the country's manufacturing was overtaken by competitors in Asia. It remained uncompetitive as labor was unwilling to adapt. The corrupt patronage-based political system and rigid rule-bound labor practices remained intact perhaps convinced that the euro would change everything on its own. The flood of cheap money that followed the introduction of the euro helped keep the system going masking the problems and the systemic system where debt routinely depreciated.

However, the global financial crisis of 2008 instigated by the leveraged nonsense of the New York banks engaged in proprietary trading set in motion a debt crisis that quickly spread from the mortgaged backed pools to the public sector. The $700 billion TARP bailout in the

Public debt
120.1% of GDP (2011 est.)
119.1% of GDP (2010 est.)
note: Italy reports its data on public debt according to guidelines set out in the Maastricht Treaty; general government gross debt is defined in the Maastricht Treaty as consolidated general government gross debt at nominal value, outstanding at the end of the year, in the following categories of government liabilities (as defined in ESA95): currency and deposits (AF.2), securities other than shares excluding financial derivatives (AF.3, excluding AF.34), and loans (AF.4); the general government sector comprises the central government, state government, local government and social security funds
Inflation rate (consumer prices)
2.8% (2011 est.)
1.7% (2010)
Central bank discount rate
1.75% (31 December 2011)
1.75% (31 December 2010)
note: this is the European Central Bank's rate on the marginal lending facility, which offers overnight credit to banks in the euro area
Commercial bank prime lending rate
4.5% (31 December 2011 est.)
4.032% (31 December 2010 est.)
Stock of narrow money
$1.265 trillion (31 December 2011 est.)
$1.205 trillion (31 December 2010 est.)
note: see entry for the European Union for money supply in the euro area; the European Central Bank (ECB) controls monetary policy for the 17 members of the Economic and Monetary Union (EMU); individual members of the EMU do not control the quantity of money circulating within their own borders
Stock of broad money
$2.269 trillion (31 December 2011 est.)
$2.065 trillion (31 December 2010 est.)
Stock of domestic credit
$3.469 trillion (31 December 2011 est.)
$3.221 trillion (31 December 2010 est.)
Market value of publicly traded shares
$318.1 billion (31 December 2010)
$317.3 billion (31 December 2009)
$520.9 billion (31 December 2008)

Current Account Balance
-$77.8 billion (2011 est.)
-$67.94 billion (2010 est.)
Exports
$522 billion (2011 est.)
$448.4 billion (2010 est.)
Imports
$556.4 billion (2011 est.)
$473.1 billion (2010 est.)
Reserves of foreign exchange and gold
$158.9 billion (31 December 2010 est.)
$132.8 billion (31 December 2009 est.)
Debt - external
$2.684 trillion (30 June 2011 est.)
$2.223 trillion (30 June 2010 est.)
Stock of direct foreign investment - at home
$412.1 billion (31 December 2011 est.)
$403 billion (31 December 2010 est.)
Stock of direct foreign investment - abroad
$630.5 billion (31 December 2011 est.)
$601.4 billion (31 December 2010 est.)
Fiscal year: calendar year


Mario Monti - Italian Head of State (2011 - 2013)

United States was the tip of the iceberg. Banks around the world followed New York, Their leveraged derivatives swamped banks everywhere. As Greece began to crack in 2010, capital quickly looked around and saw Italy, Spain and Portugal with the same systemic problems.

Italy's economy turned down by more than 6 percent in 2008. Growth resumed in 2010, but was snuffed out in 2011 by the rising Sovereign Debt Crisis began to materialize. There is little prospect for a return of economic growth. Raising taxes and hunting down the rich with agents stalking jewelry stores is creating a mentality of hoarding – not investing.

Italian debt is roughly 120 percent of G.D.P., while its government debt is second only to Greece's among Eurozone members. Despite running a budget surplus, minus debt costs, for several years, the Italian government spends about 16 percent of that budget on interest payments. This is a bill that began to rise in the summer of 2011 as investors and creditors started to fear that Italy cannot escape Europe's debt crisis. Indeed, the amount of revenue now going to keep the debt floating is draining the economy and preventing a economic recovery any time soon.

Italy has been call Europe's ***"too big to fail''*** economy. The foreign holding of Italian debt is about €800 billon. This is far greater than Greece, Ireland and Portugal all combined. The debt problem is a blueprint for how the rest of the West will fall; there is no vision of how to run the economy or how to deal with this debt crisis. There is just the crisis management of paying creditors to keep the debt rolling. There is no long-term plan.

Prime Minister Silvio Berlusconi stepped down in November 2011while his successor was a former European Commissioner, Mario Monti, who has been an advisor to Goldman Sachs. He was asked to lead a cabinet of technocrats until the economic situation is stabilized and new elections are held. This unelected position has been highly questioned around the world. He was an outsider to local politics, with a solid background in the European Union halls of power, a man many thought was their only hope out of the mess. In reality, his position is in effect that of the old Roman Republic office of Dictator. Someone selected to cut through the red tape and appointed by the Senate for a term of one year.

His reform program has helped steer Italy back from the brink but it has been a difficult period. Although not as violent as those in Greece, angry demonstrations have taken place on the streets of Italy. Austerity measures have hit the country hard, many people losing their jobs, and some businessmen have even taken their own lives. Nevertheless, Italy has managed to avoid a financial bailout and interest rates seem to have stabilized for now.

Nonetheless, Monti managed to pass more economic measures than Italy had seen in a decade in his first 6 weeks. He increased the retirement age, raising property taxes, launched a manhunt for the rich under the claims of being tax evaders (which all Italians qualify for that title), and he simplified the operation of government agencies. Nevertheless, Monti has left pending legislative economic reforms meant to revitalize growth, including an effort to overhaul Italy’s notoriously inflexible labor rules. These issues are more likely to create civil unrest on a grand scale. Making painful economic changes to the labor rules in Italy have been avoided as nearly a national sport for politicians.

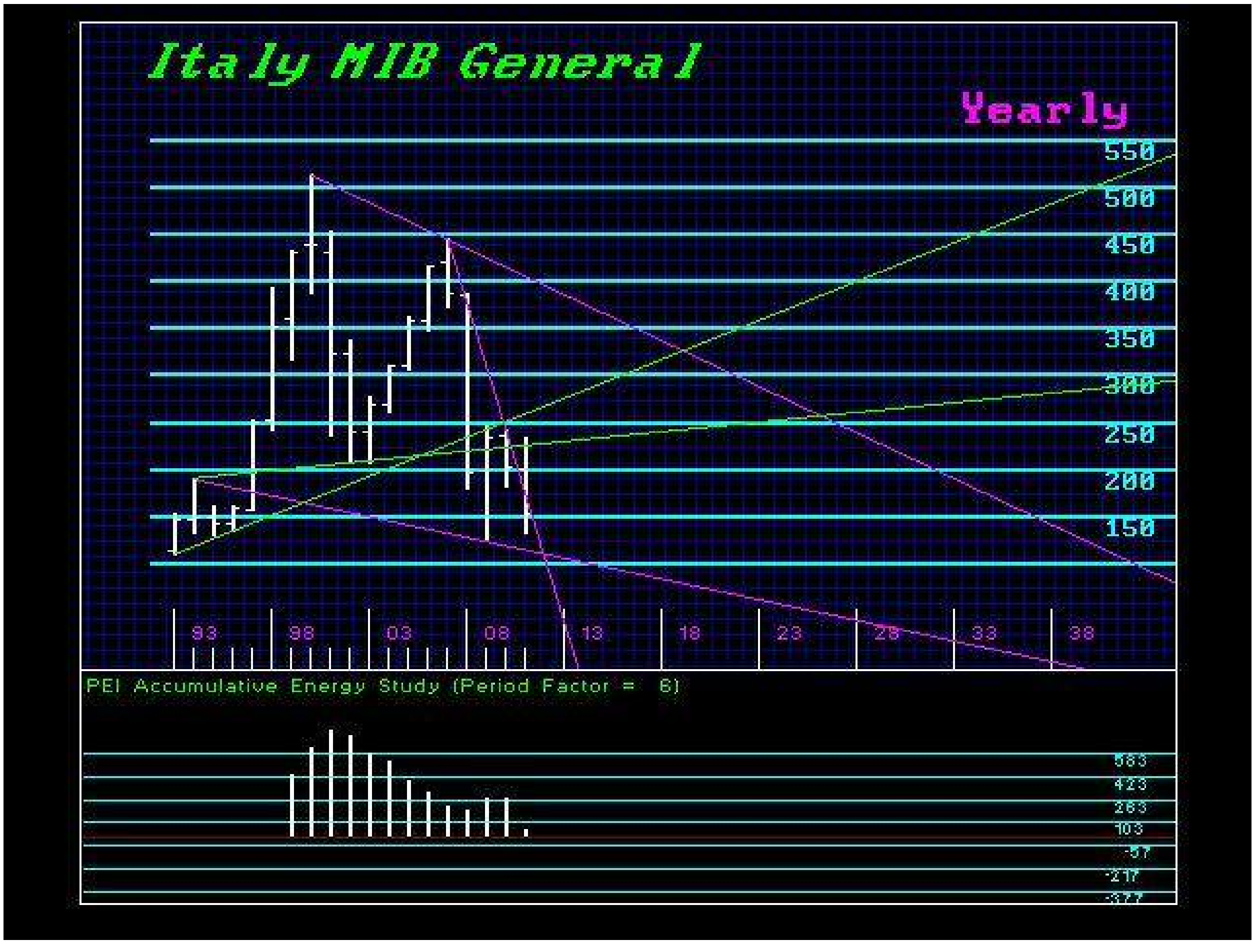
Mr. Monti faced a political paradox: Even as he has been one of the Eurozone’s loudest opponents of the economic austerity long advocated by northern-tier countries like Germany, his opponents at home have attacked his domestic economic proposals as too austere. There has been dissent across Italy’s political spectrum regarding his support.

The real question is will all the grand plans come together in time to maintain confidence in Italy? Will Monti's reforms continue after March elections? Prime Minister Mario Monti can’t run in elections due in 2013 as he already holds a permanent seat in Parliament following his appointment as senator-for-life last year. However, as Mario Mont gets closer to the end of his non-elected government according to its stipulated time in office, supporters are starting a political party to push for a continuation of the premier’s policies at home and abroad.

Sicily's Fiscal Problems Threaten to Swamp the Country

As Mr. Monti fights to protect Italy from the contagion driving up its borrowing costs to perilous levels, one region in particular has been in the spotlight: Sicily, which some fear has become "the Greece" of Italy, at risk of defaulting on its high public debts. There is also an explosive mix of despair felt in Sicily by many families. There is a risk of outright civil war could even break out. Sicily has long been regarded as second rate in Italy. Today, it is seen as the Greece of Italy. Many regard Sicily as being able to function only because it is part of Italy. Many businesses are shutting down. Families on low incomes can no longer pay even their electricity bills. Sicily is in serious debt rising to €5 billion ($6.1 billion) and in the Sicilian capital Palermo, is in deficit alone that stands at €500 million. The political system is regarded as one of the most corrupt in Europe as public money is just wasted going to corruption. Sicily was just one of 23 Italian sub-sovereign entities that saw their rating downgraded by the Moody's rating agency. The crisis in Italy regarding the Sovereign Debt extends monumentally to the state and municipal levels of government. This is reaching the brink of totally being unable to sustain itself much longer.

YEARLY LEVEL



This year, after studying the recent price action, we have found that on the Yearly level of our system model in the Italian **MIB General Share Index**, that everything is still very bearish. Our immediate trend, short-term trend, and intermediate trend indicators all finished 2011 in a bearish mode. Additionally, our short-term momentum and intermediate momentum also finished in a bearish mode. Our long-term trend and cyclical strength indicators finished 2011 in a neutral position. This array of indicators strongly suggests that the MIB remains vulnerable to new lows going into 2012 – 2013 just below the 2009 low. Important resistance begins at 16075 followed by 17803. Normally we see a reaction back to retest this area of initial resistance before following through to the downside.

Looking ahead into 2012 and 2013 respectfully, we see technical support at 8813 and 7641. These would provide our extreme targets moving forward. There may be some concern given the economic position of Italy at the present time.

YEARLY REVERSAL SYSTEM

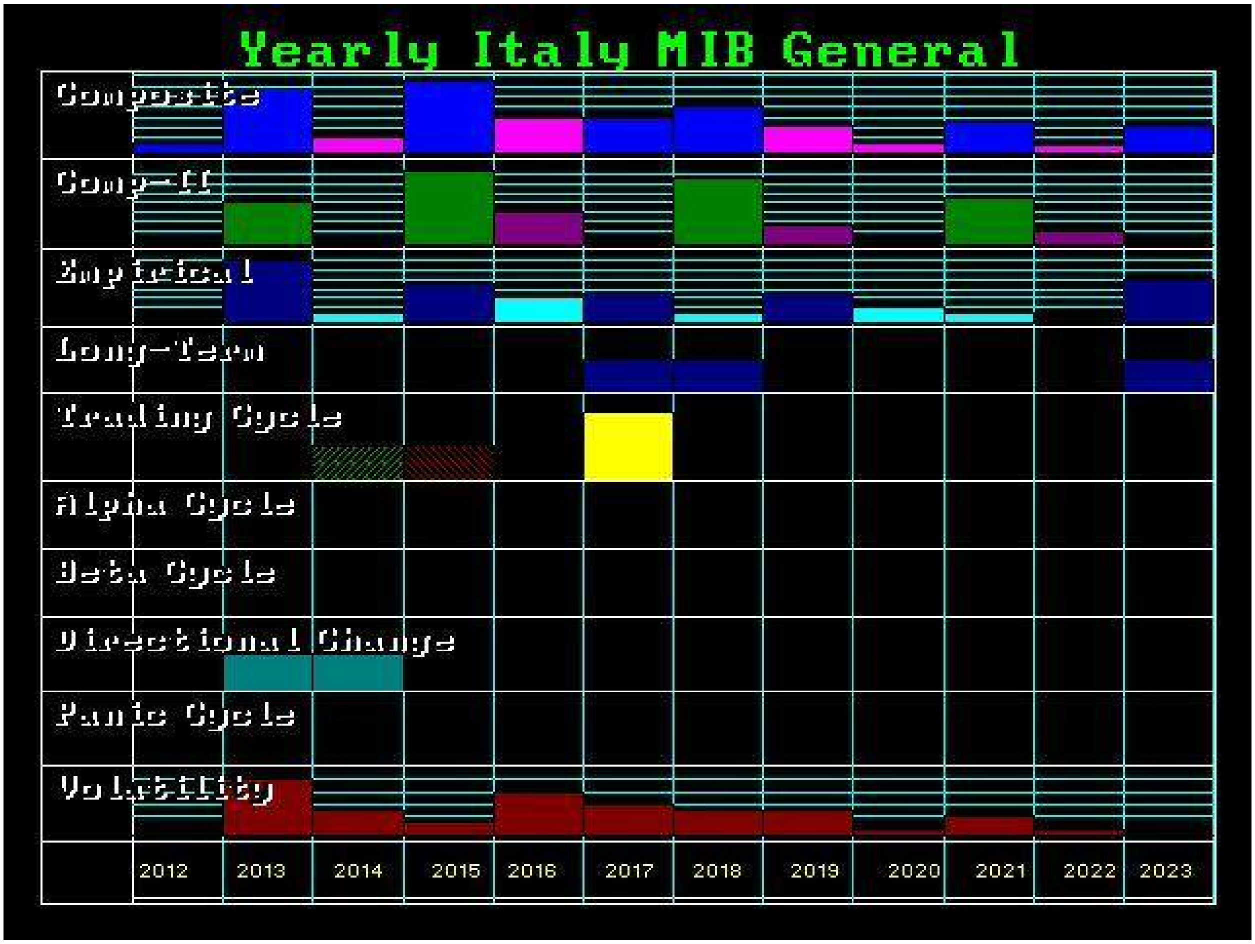
At this time, the Major Yearly Bearish Reversals are 13250 and 13062. Unmistakably, only a yearly closing **BELOW** 13250 will signal that a serious economic condition ahead awaits Italy. The 13062 is a **Double Yearly Bearish Reversal**. This is the critical support to watch on an annually closing basis.

On the Major level of our Reversal System, the Yearly Bullish Reversals are standing at 44365 and 45250. Hence, only a yearly closing **ABOVE** 44365 will signal that an immediate uptrend should unfold thereafter.

Yearly Reversals

Major Bullish 44365 45250
Major Bearish 13250 **13062**

YEARLY TIMING



On our empirical models, the ideal primary target for the next turning point remains 2012-2013. We have Directional Change targets in 2013 and 2014 warning of near-term choppy markets and confusion ahead. Thereafter, the next turning point will be 2015 followed by 2017-2018, 2021, and 2023. Volatility should start to rise sharply in 2013 and remain fairly high for many years thereafter.

Utilizing a composite structure in cyclical timing analysis, the key years for a turning point in will be 2018, 2019 and 2027. Our Directional Change models indicate that targets are due the years of 2013 and 2014. We should see also a very important turning point in the 2017-2018 time frame.

Yearly Turning Points:

2012-2013, 2015, (2017-2018), 2021, 2023

YEARLY TECHNICAL OUTLOOK

RESISTANCE: 22537 39430

TABLE #1

Yearly Technical Projections

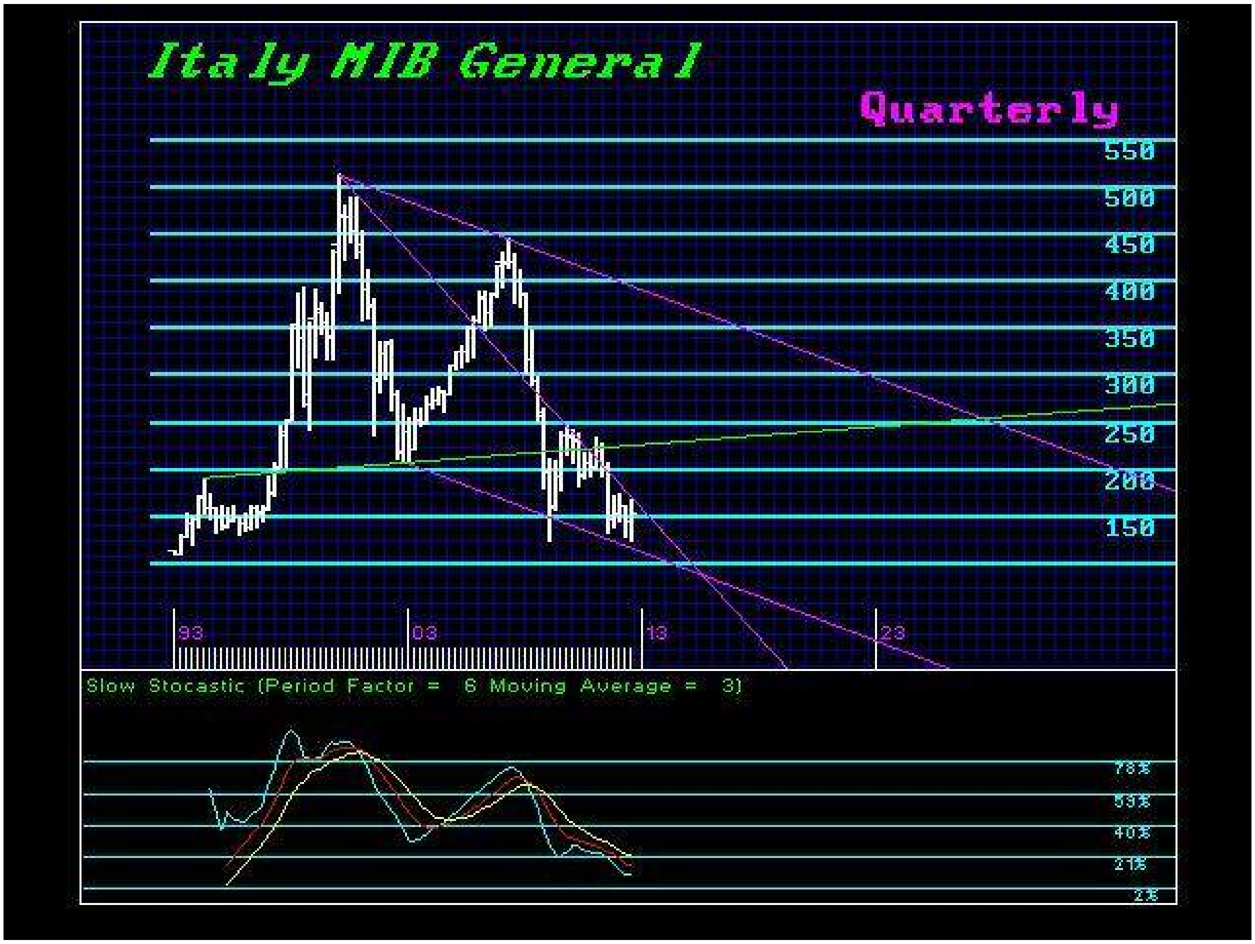
2012... 10673, 22537, 23679, 25736, 39430
2013... 9687, 22693, 22736, 25935, 38443
2014... 8700, 21706, 22936, 26134, 37456
2015... 7713, 20719, 23136, 26334, 36469
2016... 6726, 19732, 23335, 26534, 35482
2017... 5739, 18745, 23534, 26733, 34495
2018... 4752, 17758, 23734, 26932, 33509

Yearly Indicating Ranges

Date	Momentum	Trend	Long-Term
2012	30961-13250	38544-16075	17803-0
2013	30569-12332	36056-15537	24558-0
2014	39170-18044	41531-24059	24175-0

2012 MOMENTUM INDICATORS HLC 23963 14497 19503

QUARTERLY LEVEL



QUARTERLY REVERSAL SYSTEM

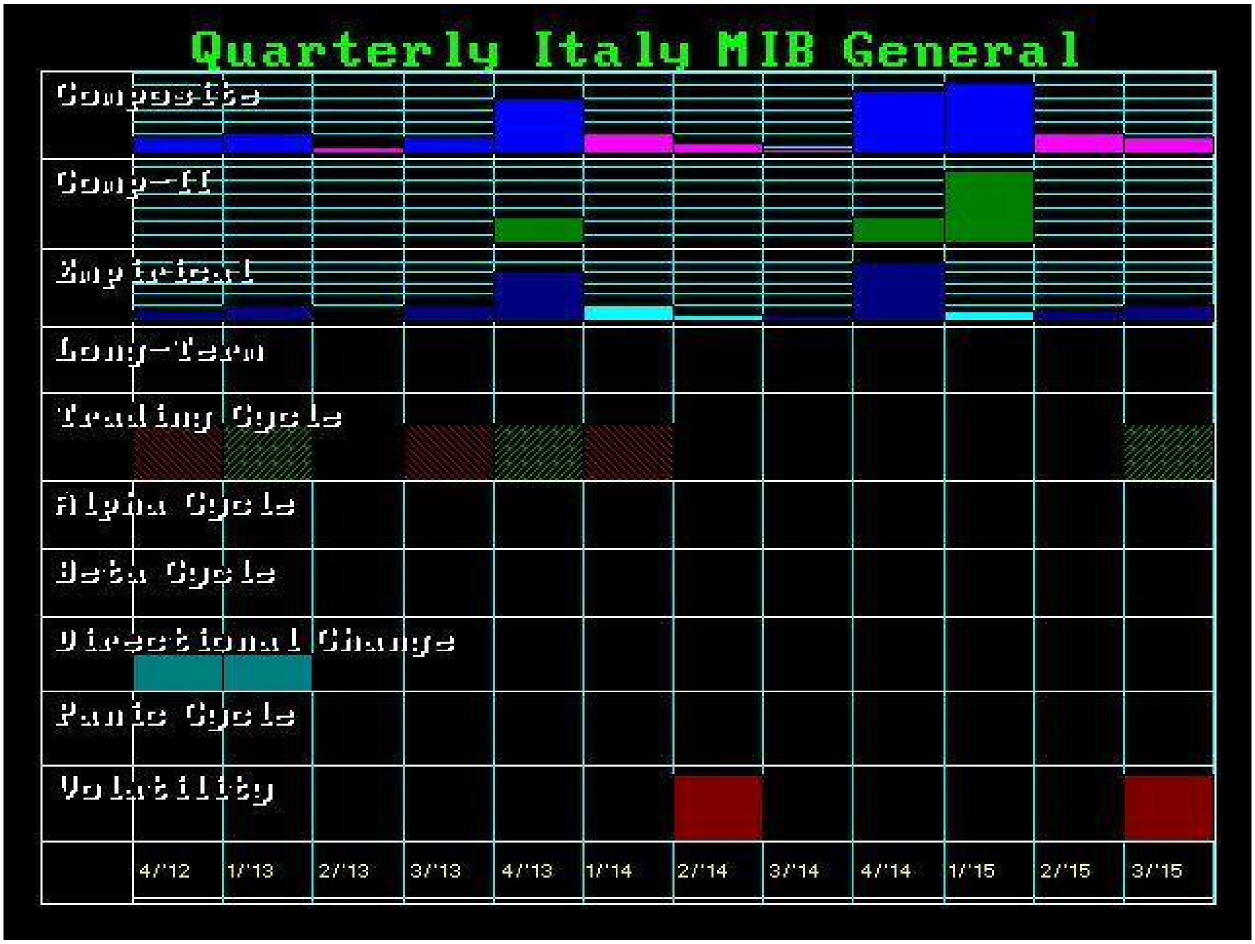
At this time, the Major Quarterly Bearish Reversals are 14604, 13658, 13397, 13250 and a **DOUBLE Bearish Reversal at 10784**. While the 2009 low was 12332 the lowest Quarterly closing came 07/2011 at 14836. Therefore, only a quarterly closing **BELOW** 14604 will signal that an immediate downtrend could retest support in the near-term. Hence, only a quarterly closing **BELOW** 10784 will signal that this market is in serious trouble.

Right now, Major levels of our system models indicates that the Quarterly Bullish Reversal is standing at 23366, 32446, 38544, 43020, and a **DOUBLE Bullish Reversal** standing at **48810**. Clearly, a Quarterly closing **ABOVE** 48810 will signal a major breakout to the upside.

Quarterly Reversals

Major Bullish 23366 32446 38544 43020 [48810]
Major Bearish 14604 13658 13397 13250 [10784]

QUARTERLY TIMING



According to our empirical models, the ideal primary target for the next minor turning point on the quarterly level remains 01/2013 follow be 10/2013. If this new target objective is successful, we then expect to see a reaction in the opposite direction unfold on the next key cycle target leading into 01/2015.

Using a composite of cyclical analysis, the key quarters for a turning point in will be 01/2018 and 07/2019. Our Directional Change models indicate that turning points are due the quarters of 10/2012 and 01/2013.

Quarterly Turning Points:

(01/2013), 10/2013, (04/2014), 01/2015

QUARTERLY TECHNICAL OUTLOOK

RESISTANCE: 16338 22295 39123

TABLE #2

Quarterly Technical Projections

10/2012...	16338	22295	39123
01/2013...	15653	22340	38885
04/2013...	14968	22386	38647
07/2013...	14283	22431	38409
10/2013...	13598	22476	38171
01/2014...	12913	22521	37932
04/2014...	12228	22567	37694

Quarterly Indicating Ranges

Date	Momentum	Trend	Long-Term
10/2012	21669-13610	26387-17053	39290-17803
01/2013	20996-12332	23274-14371	41269-17159
04/2013	20702-12568	22575-15470	37568-16014

4TH QUARTER '2012 MOMENTUM INDICATORS HLC 16622 13078 15116

MONTHLY LEVEL

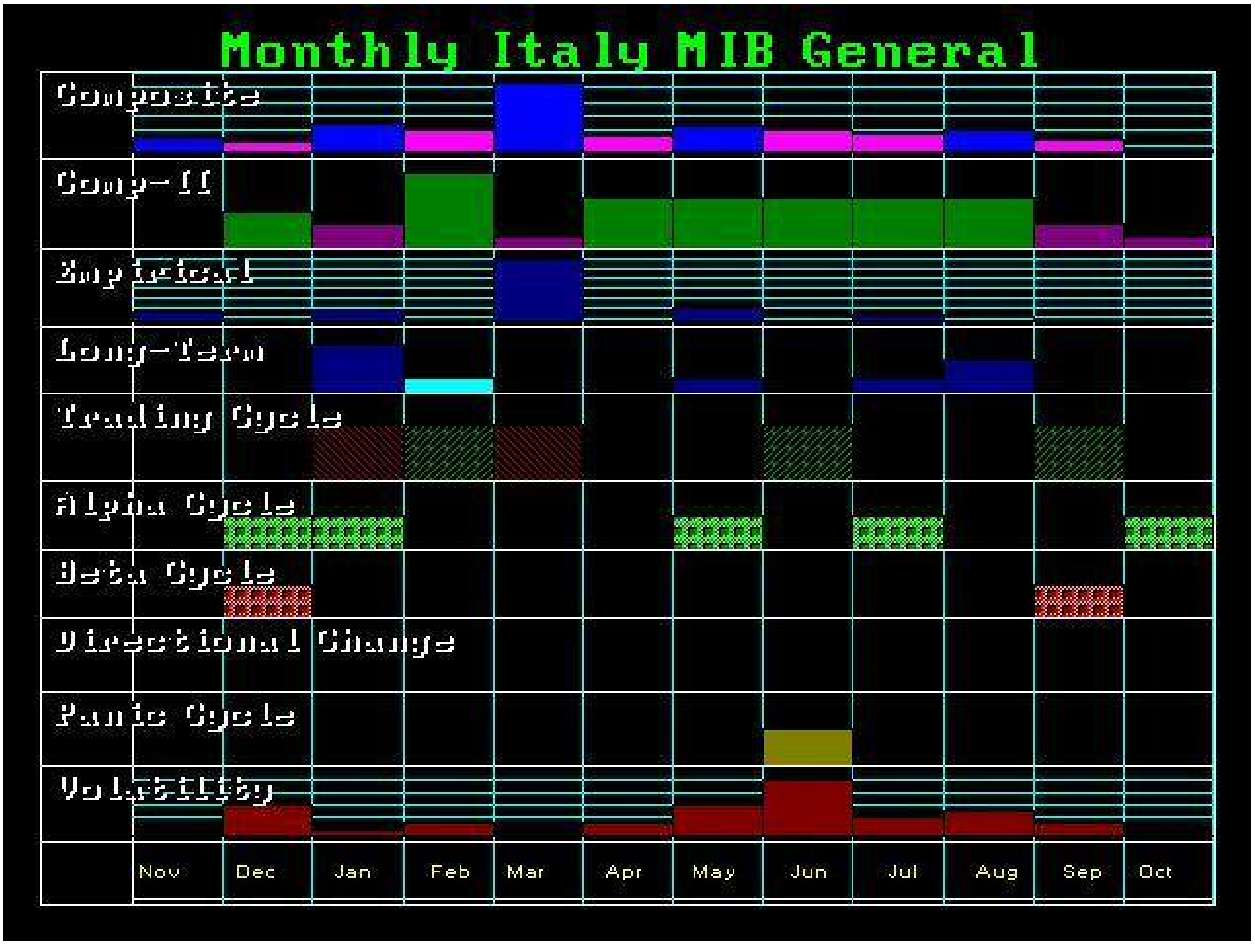
MONTHLY REVERSAL SYSTEM

At this time, the Major Monthly Bearish Reversals are 14446, 13658, 13547, 13397, and a **DOUBLE Monthly Bearish at 12895**. Therefore, only a monthly closing **BELOW** 12895 will signal that serious breakdown in this index is unfolding. However, a monthly closing **BELOW** 14446 will signal we should retest the 2009 low. Our Minor Monthly Bearish lies at 12331.

According to our Reversal System model, the Major Monthly Bullish Reversals stand at 26387, 33154, 41158, 43998 and 48775. Unmistakably, only a monthly closing **ABOVE** 26387 will signal that an immediate uptrend should unfold thereafter. Our model shows that the Minor Monthly Bullish Reversals are 16140, 17160, 21635, and 22720. Consequently, only a monthly closing **ABOVE** 16140 will signal that an immediate pause in the downtrend is possible.

Monthly Reversals
Major Bullish 26387 33154 41158 43998 48775
Minor Bullish 16140 17160 21635 22720
Major Bearish 14446 13658 13547 13397 12895
Minor Bearish 12331

MONTHLY TIMING



Looking at our empirical models, the ideal primary target for the next minor turning point on the monthly level remains 01/2013, particularly since our last target objective of 09/2012 produced a high at 1669.50. If this new target objective is successful, we then expect to see a reaction in the opposite direction unfold on the next major cycle target leading into 03/2013. Thereafter, an opposite directional move should unfold going into 05/2013 with high volatility and a Panic Cycle due the next month. Looking beyond that period, we see the next turning point forming 08/2013.

The key month for a turning point will be 08/2016.

Our Panic Cycle Models suggest that higher volatility is due the month of 06/2013.

Monthly Turning Points:
01/2013, 03/2013, 05/2013, (06/2013), 08/2013

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 19857
SUPPORT: 13432 11591 7575

TABLE #3
Monthly Technical Projections

11/01...	7575	13432	19857
12/01...	7174	12963	19729
01/01...	6772	12495	19602
02/01...	6371	12026	19475
03/01...	5969	11557	19348
04/01...	5568	11089	19221
05/01...	5166	10620	19094

Monthly Indicating Ranges

Date	Momentum	Trend	Long-Term
11/2012	17410-12296	19169-14516	20560-15782
12/2012	16014-13205	18796-13829	19983-14199
01/2013	15752-12765	16695-13115	21727-14820

MONTHLY PATTERN RECOGNITION

If this month closes below 15245, then the upward momentum has been lost which implies that a temporary top is in place and a near-term retest of support should begin.

NOVEMBER MOMENTUM INDICATORS HLC 16111 14427 15245

A TECHNICAL OUTLOOK FOR SPAIN – MADRID IBEX 35

Spain is in real turmoil. The economy is in serious trouble. The unemployment among the youth has spared over 50% causing many to migrate to Brazil to have any sort of future. The banking system may be even beyond hope as cash flees the country. This has created such economic instability that the housing market is bloated with property that cannot sell. This has led Spain to introduce the idea that that the will offer foreigners residency permits if they buy houses in the country worth more than €160,000. This is a bid to reduce the country's swollen stock of unsold homes.

SPAIN Economic - overview

Spain's mixed capitalist economy is the 13th largest in the world, and its per capita income roughly matches that of Germany and France. However, after almost 15 years of above average GDP growth, the Spanish economy began to slow in late 2007 and entered into a recession in the second quarter of 2008. GDP contracted by 3.7% in 2009, ending a 16-year growth trend, and by another 0.1% in 2010, before turning positive in 2011, making Spain the last major

GDP (purchasing power parity)
$1.411 trillion (2011 est.)
$1.4 trillion (2010 est.)
$1.402 trillion (2009 est.)
note: data are in 2011 US dollars

GDP (official exchange rate)
$1.537 trillion (2011 est.)

GDP - real growth rate
0.8% (2011 est.)
-0.1% (2010 est.)
-3.7% (2009 est.)

GDP - per capita (PPP)
$30,600 (2011 est.)
$30,400 (2010 est.)
$30,600 (2009 est.)
note: data are in 2011 US dollars

GDP - composition by sector
agriculture: 3.2%
industry: 25.8%
services: 71% (2011 est.)

Population below poverty line
19.8% (2005)

Labor force
23.1 million (2011 est.)

Labor force - by occupation
agriculture: 4.2%
industry: 24%
services: 71.7% (2009 est.)

Unemployment rate
21.7% (2011 est.)
20.1% (2010 est.)
Unemployment, youth ages 15-24
total: 37.9%
male: 39.1%
female: 36.4% (2009)

Household income or consumption by percentage share
lowest 10%: 2.6%
highest 10%: 26.6% (2000)

Distribution of family income - Gini index
32 (2005)
32.5 (1990)

Investment (gross fixed)
21.7% of GDP (2011 est.)

Budget
revenues: $545.2 billion
expenditures: $675.8 billion (2011 est.)
Taxes and other revenues
36.5% of GDP (2011 est.)

Budget surplus (+) or deficit (-)
-8.5% of GDP (2011 est.)

economy to emerge from the global recession. The reversal in Spain's economic growth reflected a significant decline in construction amid an oversupply of housing and falling consumer spending, while exports actually have begun to grow. Government efforts to boost the economy through stimulus spending, extended unemployment benefits, and loan guarantees did not prevent a sharp rise in the unemployment rate, which rose from a low of about 8% in 2007 to over 20% in 2011. The government budget deficit worsened from 3.8% of GDP in 2008 to 9.2% of GDP in 2010, more than three times the euro-zone limit. Madrid cut the deficit to 8.5% of GDP in 2011, a larger deficit than the 6% target negotiated between Spain and the EU. Spain's large budget deficit and poor economic growth prospects have made it vulnerable to financial contagion from other highly-indebted Eurozone members despite the government's efforts to cut spending, privatize industries, and boost competitiveness through labor market reforms.

Spanish banks' high exposure to the collapsed domestic construction and real estate market also poses a continued risk for the sector. The government oversaw a restructuring of the savings bank sector in 2010, and provided some $15 billion in capital to various institutions. Investors remain concerned that Madrid may need to bail out more troubled banks. The Bank of Spain, however, is seeking to boost confidence in the financial sector by pressuring banks to come clean about their losses and consolidate into stronger groups.

After all, their regional bailout fund has used up all of its funds, the country has only received €30 billion of the original €100 billion bailout, and Spanish banks are now beyond broke, selling even Spanish sovereign bonds to free up cash to face a systemic bank run (18% of deposits have fled Spain this year alone equal to 50% GDP).

So where exactly is the €60 billion going to come from? Even if Spain uses all of the €30 billion it's received in bailout funds so far, it's still €30 billion short.

The equivalent of more than 50% of the GDP has fled Spain in the first 6 months of 2012. Spanish banks were drawing €300 billion or so from the ECB a month to cover the cash outflow.

Spanish banks have been essentially the only buyers of Spanish sovereign bonds. They are now forced to sell them to meet funding needs due to the country's bank run.

Spain's unemployment just topped 25%. Unemployment among the youth is over 50%. There has been a migration of youth to Brazil.

All there is has been the political posturing pretending magical funds will bailout someone else when in fact all countries borrow including Germany. Nobody has a pool of earned cash. With that in mind, Spain remains the primary issue for Europe. This house of cards will come crashing down perhaps starting in 2013. Indeed, between Spain's woes, as well as those in Italy and Greece not to mention France, a hard landing appears inevitable.

Now more than ever, investors need to get access to high quality guidance and insights. There sheer magnitude of the

Public debt
68.2% of GDP (2011 est.)
60.1% of GDP (2010 est.)

Inflation rate (consumer prices)
3.1% (2011 est.)
2% (2010 est.)

Central bank discount rate
1.75% (31 December 2011)
1.75% (31 December 2010)
note: this is the European Central Bank's rate on the marginal lending facility, which offers overnight credit to banks in the euro area

Commercial bank prime lending rate
8.3% (31 December 2011 est.)
7.223% (31 December 2010 est.)

Stock of narrow money
$832.6 billion (31 December 2011 est.)
$811.2 billion (31 December 2010 est.)
note: see entry for the European Union for money supply in the euro area; the European Central Bank (ECB) controls monetary policy for the 17 members of the Economic and Monetary Union (EMU); individual members of the EMU do not control the quantity of money circulating within their own borders

Stock of broad money
$2.488 trillion (31 December 2011 est.)
$2.388 trillion (31 December 2010 est.)

Stock of domestic credit
$3.683 trillion (31 December 2009 est.)
$3.451 trillion (31 December 2008 est.)

Market value of publicly traded shares
$1.172 trillion (31 December 2010)
$1.297 trillion (31 December 2009)
$946.1 billion (31 December 2008)

Current Account Balance
-$60.9 billion (2011 est.)
-$64.34 billion (2010 est.)
Exports
$330.6 billion (2011 est.)
$253 billion (2010 est.)
Imports
$384.6 billion (2011 est.)
$315.3 billion (2010 est.)

Reserves of foreign exchange and gold
$31.91 billion (31 December 2010 est.)
$28.2 billion (31 December 2009 est.)
Debt - external
$2.57 trillion (30 June 2011)
$2.166 trillion (30 June 2010)
Stock of direct foreign investment - at home
$634.2 billion (31 December 2011 est.)
$614.5 billion (31 December 2010 est.)
Stock of direct foreign investment - abroad
$678.7 billion (31 December 2011 est.)
$660.2 billion (31 December 2010 est.)
Fiscal year: calendar year

issues the global financial system is facing is enormous!

Those investors looking for actionable investment ideas could also consider our Private Wealth Advisory newsletter: a bi-weekly detailed investment advisory service that distills the most important geopolitical, economic, and financial developments in the markets into concise investment strategies for individual investors.

In Madrid, thousands of people poured into the city's center, and some of them left behind a trail of union flyers on the street and graffiti on storefront windows. With the sound of sharp whistles blowing and drums banging, many denounced proposed austerity measures, such as privatizing some hospital jobs and cutting positions for teachers.

Multiple countries across Europe are facing serious financial troubles, though problems have reached historic highs in Spain. One Spaniard in four is now unemployed, and half of all youth are without jobs. Some have turned to the informal economy to earn whatever wages they can. But many rely on their extended family members to help maintain a financial safety net -- and in some families now no one is working. The principle way in which people protect themselves from the risks of the market is through their extended family network. The extended family networks are absolutely critical part of the safety net in Southern Europe as well as Asia and the old East European former Soviet countries. America destroyed those family values by State Socialism that replaced the family obligations as welfare ruined the Black Family in America. It's what explains why you can have 25 percent unemployment and there is still not a social revolution. This was true during the Great Depression in America as well.

Nevertheless, social demonstrations are becoming more frequent in Southern Europe. Previously, the last general strike was the about one year ago in Spain, when thousands marched in Madrid to protest austerity measures. Recently, demonstrations turned violent in Spain and Portugal after millions took part in a mostly peaceful general strike on Wednesday November 14, 2012 as organized labor's biggest Europe-wide challenge to austerity policies took place since the debt crisis began three years ago.

In Lisbon, marches ended with a level of violence not seen since the crisis began. The police charged demonstrators who hurled stones and bottles, leaving nearly 50 people hurt. Protesters in Madrid burned rubbish bins, filling the central boulevard with smoke. Over in Barcelona demonstrators burned police cars. Riot police fired rubber bullets to disperse protesters in Spain where more than 140 people were arrested and more than 70 were reported injured. Mostly everything came to a standstill in Spain and Portugal where unions held their first joint general strike.

The workers protests also took place in Greece and France against austerity policies. The union stoppages in Belgium interrupted international rail services as well. Many debt-ridden residents are now growing increasingly concerned over losing their homes. Around 400,000 homes have been foreclosed over the past five years in Spain as the banking crisis there unfolds. This has led to the proposal of handing out Spanish residency to foreigners buying Spanish homes to support the market and slow the foreclosures. A woman in Spain committed suicide as officials tried to seize her home. The country's banking association, AEB, has since announced a two-year freeze on repossessions for "humanitarian reasons."

With unemployment at drastic highs, the Spanish housing industry faces further monumental challenges. There is simply a lack of workers with a job willing to buy homes with such an uncertain future. Spain went through a housing bubble that drove talent and expertise to construction and real estate sectors. This has led to high unemployment as this sector has been wiped out. The huge challenge is the unemployment among young people. In Spain, we hear 50 percent of unemployment among young people which is leading to massive migration to Brazil.


Ferdinand & Isabella I (1474-1504)

On top of this mess, there is a rising discontent that is materializing into a separatist's movement along the very lines that merged two part of the nation. That was the marriage of Queen Isabella of Castile and King Ferdinand of Aragon, a region that included Catalonia. Their marriage in 1469 is regarded as the symbolic birth of Spain. Now the Catalonia region of 7.5 million people has a significant weight in Spain's economy, accounting for one-fifth of its total output, and a greater share of its exports. A possible split of Spain may have grave impact on the whole Eurozone idea. What happens to Spain's debt? If it loses one of its main motors of growth, Catalonia, just how will the entire Eurozone cope with such a breakup?

An independent Catalonia, which has its own debts of €40 billion ($50bn), would probably have to shoulder a slice of Spain's Sovereign Debt in any separation deal. What would remain behind? Catalonia could function on its own. It feels it is being dragged down by the rest of the country wallowing in unskilled labor. If a highly competitive Catalonia emerged, however, it could create problems for Portugal and Greece, where the idea of separation could spread further political unrest.

Interesting enough, under the Spanish constitution Catalans' Spanish passports cannot be revoked. Catalonia would also keep the euro without being in the Eurozone formally. And if Spain decided to block its entry into the EU, Catalonia could strike Swiss-style free trade deals with the bloc.

If a referendum on "self-determination" came to a vote, Catalans would vote narrowly in favor of separating based on recent polls according to the daily ***El Pais***. Catalonia, which is aggressively proud of its distinctive language and culture, feels it gets a raw deal because Madrid levies far more in taxes than it returns to the region. Nonetheless, Catalonia has the biggest debts in Spain - equal to 22 per cent of its annual output.

YEARLY LEVEL

This year in the **Spanish IBEX 35 Cash Index** on the Yearly level, short-term momentum indicators are neutral. Short-term trend, on the other hand, is in a bearish posture. As far as the Yearly, we find that the intermediate indicators are bullish. This suggests that the 52178 level is where intermediate support will be found this year. So far, 2012 has penetrated the 2011 law falling to 59053 during July.

On the broader perspective, the Cyclical Strength Model is currently bullish. Everything on the long-term models, including momentum and trend, is still in the bullish mode on the Yearly level. This implies that eventually this index will rise in a flight of capital asset move from Sovereign Debt to private sector assets. Therefore, support appears to rest under the market at 52175 level followed by 36115. Resistance will be found residing above the market at 75387, 91188 and 151860.

YEARLY REVERSAL SYSTEM

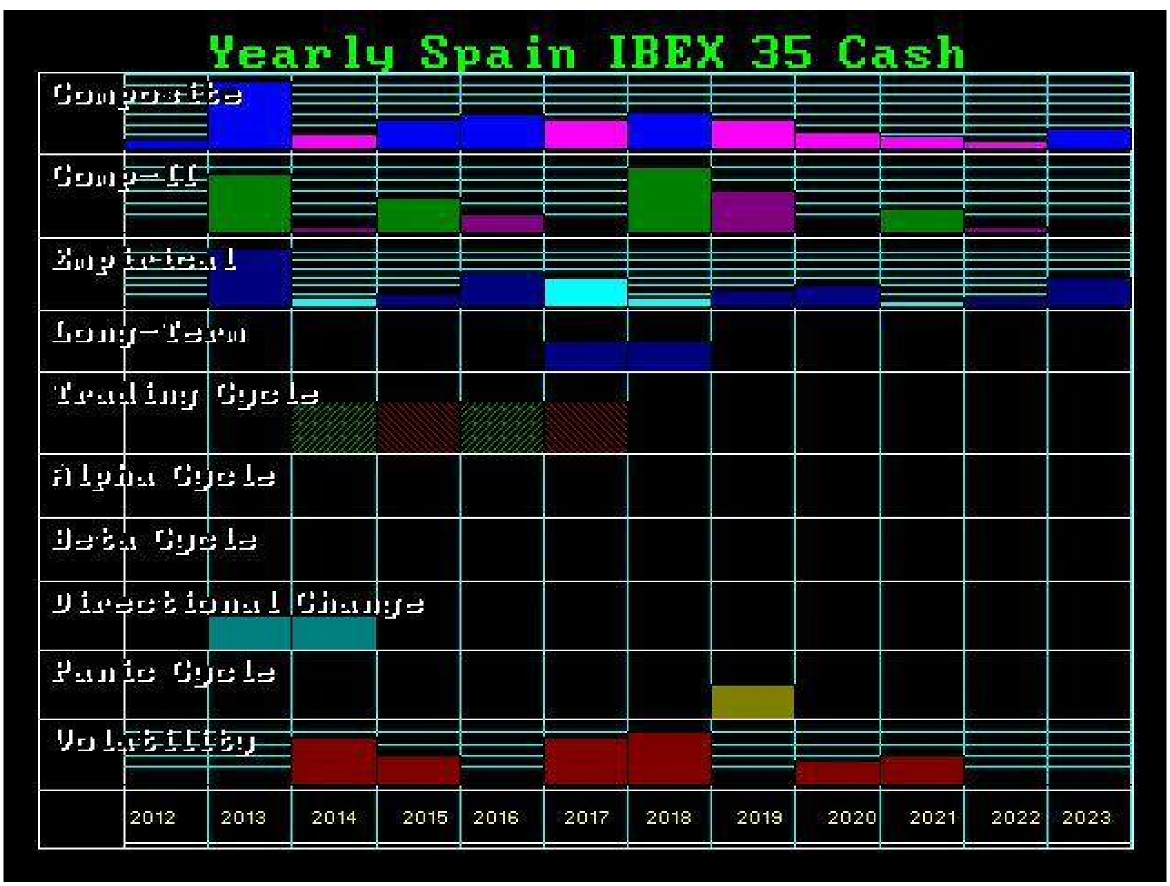
At this time, the Major Yearly Bearish Reversal is 54477. Consequently, only a yearly closing **BELOW** 54477 will signal that an immediate downtrend could unfold leading to a renewed bear market ahead. When we look at the Major level, our Yearly Bearish Reversal resides at 28336. Thus, only a yearly closing **BELOW** 28336 will signal that a sell-off is likely to continue from here in the short-term. Nonetheless, only a close **BELOW** 28336 will imply a reversal in trend.

The Reversal System immediately displays Major Yearly Bullish Reversal is standing at 121026. Thus, only a yearly closing **ABOVE** 121026 will signal that an uptrend should unfold thereafter.

Yearly Reversals

Minor Bullish 91190 118225 121030
Major Bullish 144210
Major Bearish 54475 30175 28336
Minor Bearish 75385 50110

YEARLY TIMING



On our empirical models, the ideal primary target for the next turning point on the yearly level, remains 2013. We also have two back-to-back Directional Changes in 2013 and 2014 in addition to this being the major target. Volatility should rise sharply in 2014 with our cycle on civil unrest. Thereafter, we see 2016, 2018, and 2022/23 are the subsequent turning points. We see high volatility in 2014, 2017-2018 with a Panic Cycle in 2019. There is clearly a risk of political instability in Spain.

Utilizing a composite structure in cyclical timing analysis, the key years for a turning point in will be 2014 and 2019.

Our Directional Change models indicate that turning points are due the years of 2013 and 2014. Our Panic Cycle Models suggest that higher volatility is due the year of 2019.

Yearly Turning Points:

2013, (2014), 2016, 2018, (2020), (2021), 2023

YEARLY TECHNICAL OUTLOOK

RESISTANCE: 182346
SUPPORT: 74571 68749 19901

TABLE #1
Yearly Technical Projections

2012...	19901	68749	74571	18234
2013...	19901	70357	74571	18673
2014...	19901	71965	74571	19112
2015...	19901	73573	74571	12763
2016...	19901	75181	74571	12763
2017...	19901	76789	74571	12763
2018...	19901	78397	74571	12763

Yearly Indicating Ranges

Date	Momentum	Trend	Long-Term
2012	91188-36118	151860-52178	75387-67025
2013	109192-50114	121026-67026	77375-73746
2014	122405-68697	144208-85636	106111-75050

2012 MOMENTUM INDICATORS HLC 118360 75905 101218

QUARTERLY LEVEL

QUARTERLY REVERSAL SYSTEM

At this time, the Major Quarterly Bearish Reversals are 67015, 36115, and 31440. Unmistakably, only a quarterly closing **BELOW** 67015 will signal that an immediate downtrend could become more dramatic in the near-term. Presently, the Minor Quarterly Bearish Reversal resides at 67025. Therefore, only a quarterly closing **BELOW** 67025 will signal that a sell-off is likely to continue from here in the short-term.

Looking at our Reversal System, we show that the Major Quarterly Bullish Reversals stand at 149636 and 151860. Our model also highlights Minor Quarterly Bullish Reversals above the market at 109590, 115665, 143015, and 144210. Thus, only a quarterly closing **ABOVE** 109590 will signal that an immediate uptrend should unfold thereafter.

Quarterly Reversals

Minor Bullish 109590 115665 143015 144210
Major Bullish 149636 151860
Major Bearish 67015 36115 31440
Minor Bearish 67025

QUARTERLY TIMING

According to our empirical models, the ideal primary target for the next key turning point on the quarterly level, remains 01/2013. Thereafter, we see subsequent targets for turning points should be 10/2013, 04/2014, 10/2014, and 07/2015.

Using a composite of cyclical analysis, the key quarters for a turning point will be 10/2014 and 01/2019.

Our Directional Change models indicate that a turning point is due the quarter of 01/2013. Our Panic Cycle Models suggest that higher volatility is due the quarter of 07/2015. We see high volatility 01/2014 and big volatility 04/2015 and 07/2015.

Quarterly Turning Points:

(10/2012), 01/2013, 10/2013, 04/2014, 10/2014, 07/2015

QUARTERLY TECHNICAL OUTLOOK

RESISTANCE: 148857
SUPPORT: 75962 67371 52012

TABLE #2
Quarterly Technical Projections

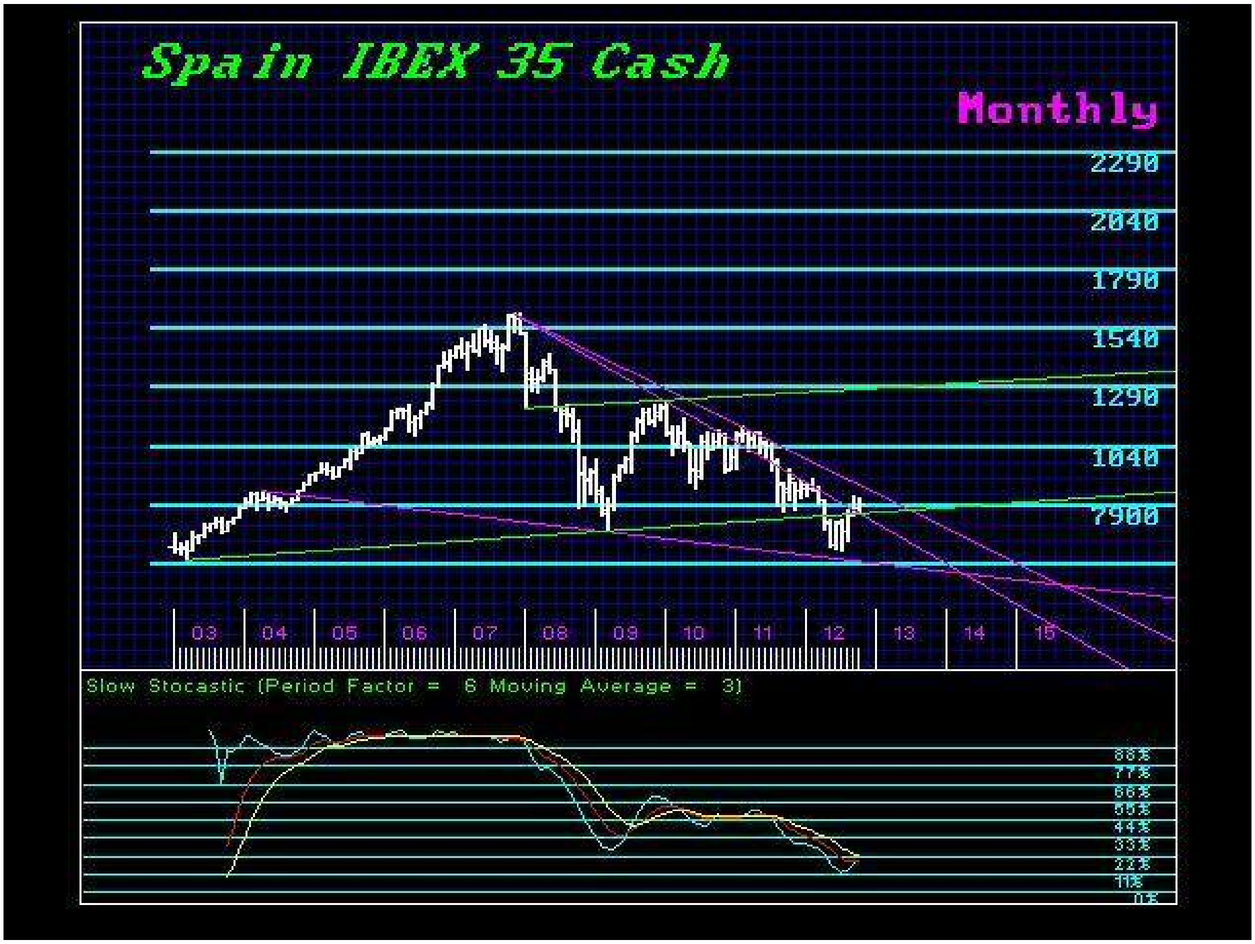
10/2012...	52012	67371	75962	14885
01/2013...	52012	67738	71740	15126
04/2013...	52012	68106	67518	15366
07/2013...	52012	68473	63295	89637
10/2013...	52012	68841	59073	89637
01/2014...	52012	69208	54851	89637
04/2014...	52012	69576	50629	89637

Quarterly Indicating Ranges

Date	Momentum	Trend	Long-Term
10/2012	110216-76012	114415-77372	136024-92034
01/2013	98000-67026	111650-78664	141760-89674
04/2013	98906-59878	109582-76372	135191-80726

4TH QUARTER '2012 MOMENTUM INDICATORS HLC 84236 65865 76062

MONTHLY LEVEL



MONTHLY REVERSAL SYSTEM

At this time, the Major Monthly Bearish Reversals are 58155, 54475, and 52665. Therefore, only a monthly closing **BELOW** 58155 will signal that an immediate downtrend could retest long-term support. Our model suggests that the Minor Monthly Bearish Reversal resides at 59875. It should be noted that one key reversal appears to be very important. We see that a monthly closing beneath 54475 may signal that a serious sell-off is likely to follow thereafter.

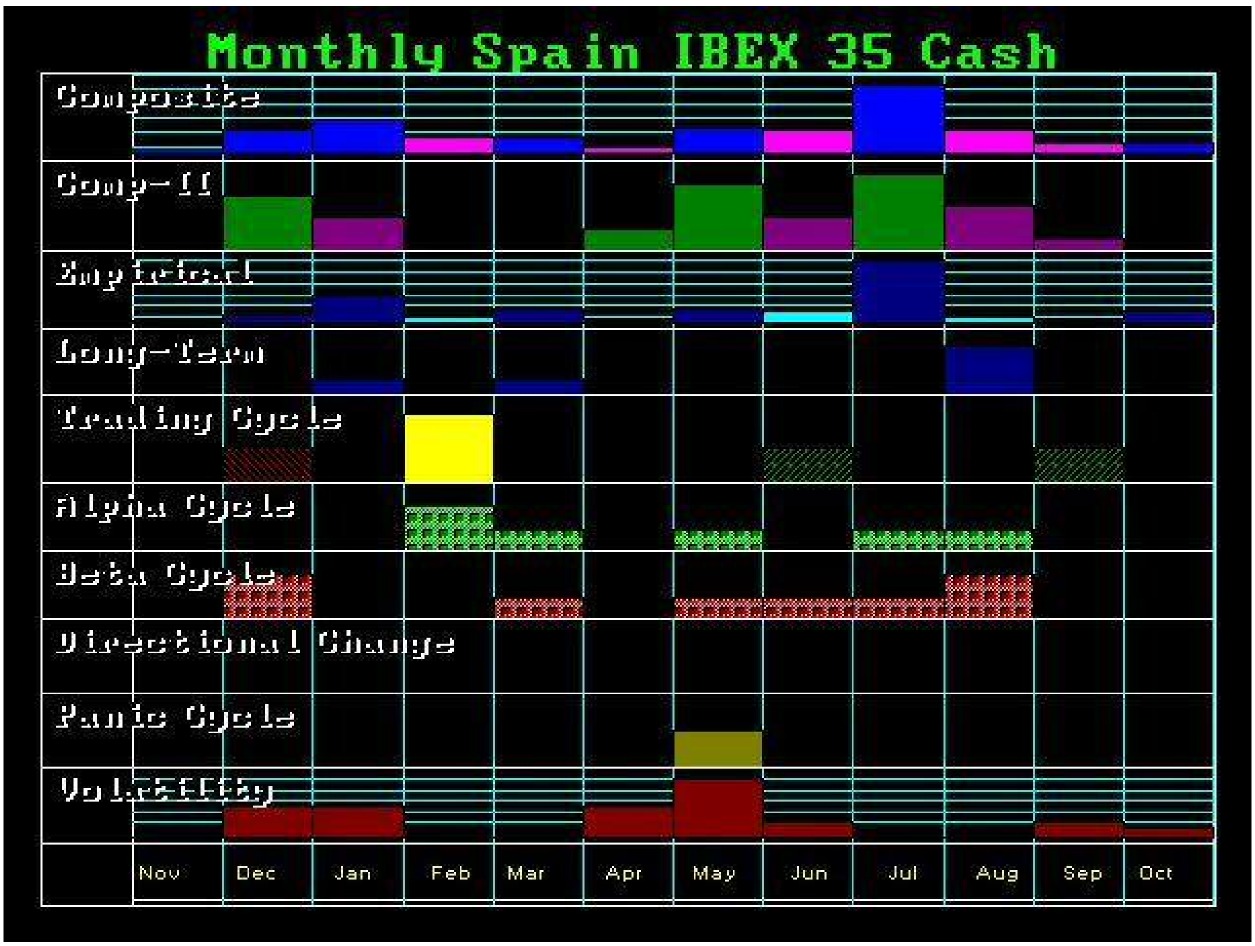
Looking at the long-term level of our Reversal System, the Major Monthly Bullish Reversals are 136125, 136525, 144210, 151365, 155440, and 160405. Our model also highlights Monthly

Bullish Reversals above the market at 87470, 88020, 109615, and 109535. Clearly, only a monthly closing **ABOVE** 87470 will signal that an should unfold thereafter near-term.

Monthly Reversals

Minor Bullish 87470 88020 109615 109535
Major Bullish 136125 136525 144210 151365 155440 160405
Minor Bearish 59875
Major Bearish 58155 54475 52665

MONTHLY TIMING



Looking at our empirical models, the ideal primary target for the next major turning point on the monthly level, remains 01/2013, followed by 03/2013, 05/2013, with the major target next year being 07/2013-08/2013 lining up with the ECM due August 7th, 2018.

Utilizing a composite structure in cyclical timing analysis, the key months for a turning point will be 09/2014 and 10/2014.

Our Panic Cycle Models suggest that higher volatility is due the month of 05/2013. We see high volatility also on 05/2013. There should be a slight rise in volatility 12/2012-01/2013.

Monthly Turning Points:

01/2013, 03/2013, 05/2013, 07/2013, (08/2013)

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 85398 126702
SUPPORT: 74695 72714 53786

TABLE #3
Monthly Technical Projections

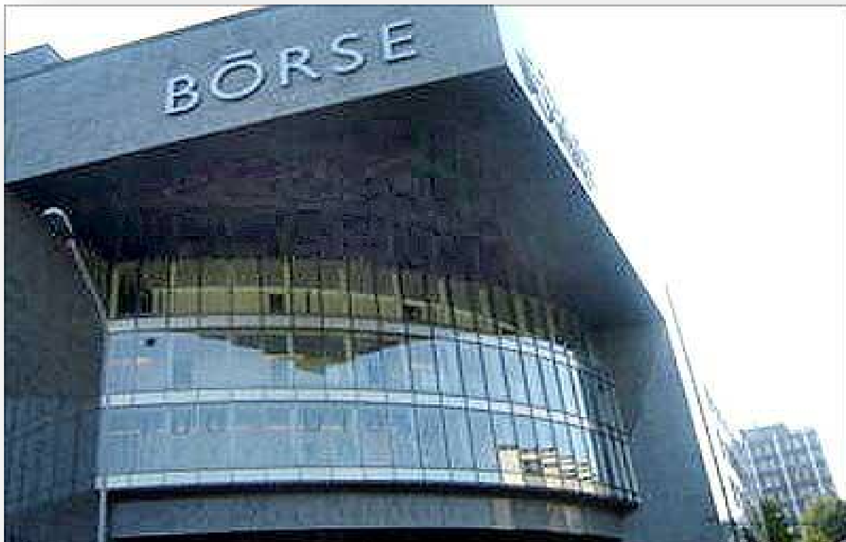
11/01...	53786	72714	74695	85398	12670
12/01...	53485	71253	74869	84148	12682
01/01...	53184	69791	75043	82898	12695
02/01...	52883	68329	75218	81648	12708
03/01...	52582	66868	75392	80397	12720
04/01...	52281	65407	75566	79147	12733
05/01...	51980	63945	75741	77897	12746

Monthly Indicating Ranges

Date	Momentum	Trend	Long-Term
11/2012	92761-59053	93314-72195	102539-78664
12/2012	80726-62961	93879-68112	97523-76450
01/2013	82310-60120	88017-71757	105433-73512

NOVEMBER MOMENTUM INDICATORS HLC 80108 70709 76573

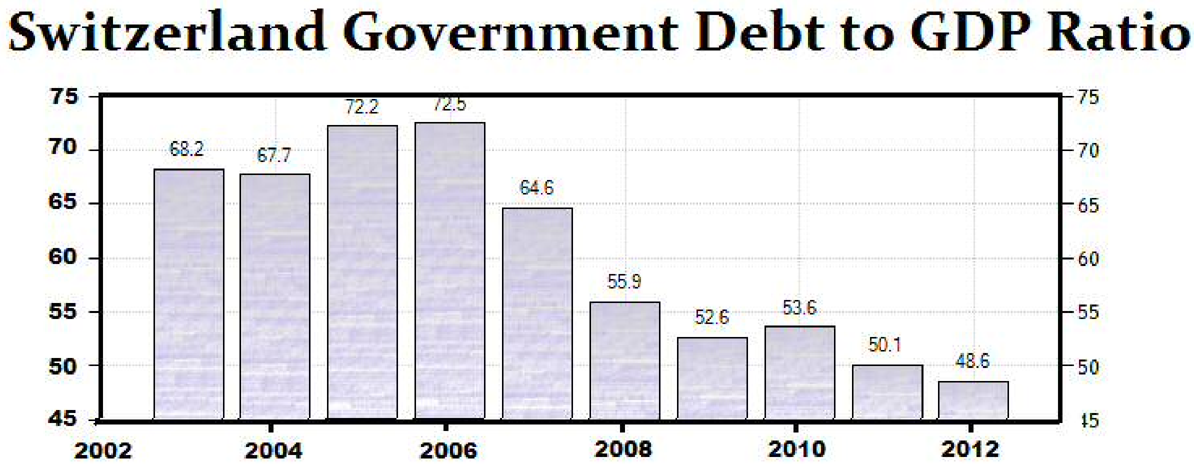
A TECHNICAL OUTLOOK FOR SWISS MARKET INDEX



The Swiss Market Index reached its peak in 2007 with the Economic Confidence Model. However, as the economy turned down, the Sovereign Debt Crisis has been brewing. This has led countries such as the United States to violate international law and bully Switzerland into causing its banking industry to self-destruct. Germany paid bribes to get names of their citizens and now the French are looking at Switzerland as they too lick their lips at tearing apart their citizens.

SWITZERLAND Economic - overview

Switzerland is a peaceful, prosperous, and modern market economy with low unemployment, a highly skilled labor force, and a per capita GDP among the highest in the world only to be displaced by Singapore. While less than 20% of the youth go on to university, Switzerland focuses on apprenticeship which is far more competent and actually provides the youth with real skills rather than theory and degrees nobody uses. Switzerland's economy benefits from a highly developed service sector, led by financial services, and a manufacturing industry that specializes in high-technology, knowledge-based production. Switzerland possesses economic and political stability, transparent legal system, exceptional infrastructure with no potholes in the roads, efficient capital markets, and low corporate tax rates all combine to make Switzerland one of the world's most competitive economies.



The Swiss have brought their economic practices largely into conformity with the EU's, to enhance their international competitiveness, but some trade protectionism remains, particularly for its small agricultural sector. Nonetheless, their Debt to GDP has taken as sharp nose-dive in the opposite direction of most other Western nations. While the fate of the Swiss economy is tightly linked to that of its neighbors in the Eurozone and the exports to the USA, it is the Eurozone that purchases about half of all Swiss exports. The global financial crisis of 2008 and resulting economic downturn in 2009 stalled export demand and put Switzerland in a recession. The Swiss National Bank (SNB) during this period effectively implemented a zero-interest rate policy to boost the economy as well as prevent appreciation of the franc, and Switzerland's economy recovered in 2010 with 2.7% growth.

The **Sovereign Debt Crises** currently unfolding in neighboring Eurozone countries poses a significant risk to Switzerland's financial stability and has driven up demand for the Swiss franc by investors seeking a safe haven currency. The independent SNB has upheld its zero-interest rate policy and conducted major market interventions to prevent further appreciation of the Swiss franc such as creating a fixed peg to the euro. However, parliamentarians have urged it to do more to weaken the currency. The franc's strength has made Swiss exports less competitive and weakened the country's growth outlook; GDP growth fell to 2.1% in 2011. Switzerland has also come under increasing pressure from individual neighboring countries, the EU, the US, and international institutions to reform its banking secrecy laws. Consequently, the government agreed to conform to OECD regulations on administrative assistance in tax matters, including tax evasion. The government has renegotiated its double taxation agreements with numerous countries, including the US, to incorporate the OECD standard, and in 2011 it reached deals with Germany and the UK to resolve outstanding issues, particularly the possibility of imposing taxes on bank deposits held by foreigners. These steps will have a lasting impact on Switzerland's long history of bank secrecy.

The Swiss banks are turning over thousands of employee names to U.S. authorities in addition to client names as they seek leniency for their alleged role in helping American clients evade taxes. Switzerland is in talks to end a Justice Department investigation of 11 Swiss financial firms, including Credit Suisse, Julius Baer and HSBC's Geneva-based wealth business, as part of a U.S. probe of offshore tax evasion. At least five banks supplied e-mails and telephone records containing as many as 10,000 names to the U.S. Department of Justice. Former employees of HSBC Holdings Plc's Swiss unit, Credit Suisse Group AG and Julius Baer Group Ltd not to mention UBS are all involved. UBS lost its AAA credit rating and has now announced it is ending proprietary trading.

At least five banks supplied e-mails and telephone records containing as many as 10,000 names to the U.S. Department of Justice. The data handover is actually illegal under Swiss law but the United States is the bully and care nothing about the laws of other nations. The banks are burning their own people desperately trying to save themselves with the US Department of Justice. They have ignored personal privacy laws, which has been unprecedented in the Swiss banking industry. The desire of Swiss banks to settle a U.S. tax-evasion probe after the Justice Department indicted Wegelin & Co. for allegedly helping customers hide money from the Internal Revenue Service is effectively burning down the history of Switzerland and what William Tell stood for.

Credit Suisse, HSBC and Julius Baer, which have said they expect to pay fines to resolve the tax matter, are handing over data to mollify the U.S. authorities all because the United States cannot live within its own means and has resorted to hunting down its own citizens. Credit Suisse said the Swiss government authorized the delivery of staff names. Julius Baer and Zuercher Kantonalbank also said they received similar authorization. HSBC said it has delivered documents and is cooperating with the U.S.

GDP (purchasing power parity)
$340.5 billion (2011 est.)
$333.2 billion (2010 est.)
$324.5 billion (2009 est.)
note: data are in 2011 US dollars

GDP (official exchange rate)
$665.9 billion (2011 est.)

GDP - real growth rate
2.1% (2011 est.)
2.7% (2010 est.)
-1.9% (2009 est.)

GDP - per capita (PPP)
$43,400 (2011 est.)
$42,800 (2010 est.)
$41,900 (2009 est.)
note: data are in 2011 US dollars

GDP - composition by sector
agriculture: 1.3%
industry: 27.5%
services: 71.3% (2011 est.)

Population below poverty line
6.9% (2010)

Labor force
4.898 million (2011 est.)
Labor force - by occupation
agriculture: 3.4%
industry: 23.4%
services: 73.2% (2010)

Unemployment rate
3.1% (2011 est.)
3.9% (2010 est.)
Unemployment, youth ages 15-24
total: 8.2%
male: 7.7%
female: 8.7% (2009)
Household income or consumption by percentage share
lowest 10%: 7.5%
highest 10%: 19% (2007)

Distribution of family income - Gini index
33.7 (2008)
33.1 (1992)
Investment (gross fixed)
21.1% of GDP (2011 est.)

Budget
revenues: $217.9 billion
expenditures: $214.5 billion
note: includes federal, cantonal, and municipal accounts (2011 est.)
Taxes and other revenues
33.3% of GDP (2011 est.)

Budget surplus (+) or deficit (-)
0.8% of GDP (2011 est.)

Swiss banks, the biggest managers of offshore wealth, have seen secrecy erode since UBS AG (UBSN) admitted in 2009 to fostering tax evasion and paid a fine of $780 million to avoid prosecution. Switzerland's largest wealth manager later turned over data on about 4,700 accounts to the IRS. While Swiss companies are usually prohibited from sending evidence to assist foreign legal proceedings, the country's governing Federal Council authorized an exemption in April 2012 at the request of an undisclosed number of banks. There was no basis to the Federal Council to grant permission for banks to send any information to a foreign authority. This is the United States clearly violating international law and not giving any respect to the laws of other nations.

The Swiss banks have even sent copies of employees' passports as well as packages of correspondence to the U.S. Justice Department that intends to use this as evidence to prove they

Public debt
52.4% of GDP (2011 est.)
54.5% of GDP (2010)
note: *general government gross debt; gross debt consists of all liabilities that require payment or payments of interest and/or principal by the debtor to the creditor at a date or dates in the future; includes debt liabilities in the form of SDRs, currency and deposits, debt securities, loans, insurance, pensions and standardized guarantee schemes, and other accounts payable; all liabilities in the GFSM 2001 system are debt, except for equity and investment fund shares and financial derivatives and employee stock options*

Inflation rate (consumer prices)
0.4% (2011 est.) , 0.7% (2010 est.)
Central bank discount rate
0.5% (31 December 2010 est.)
0.75% (31 December 2009 est.)
Commercial bank prime lending rate
2.7% (31 December 2011 est.)
2.733% (31 December 2010 est.)
Stock of narrow money
$500.4 billion (31 December 2011 est.)
$452.6 billion (31 December 2010 est.)
Stock of money
$275.5 billion (31 December 2008 est.)
$213.9 billion (31 December 2007 est.)
Stock of quasi money
$454.2 billion (31 December 2008 est.)
$450.7 billion (31 December 2007)
Stock of broad money
$1.095 trillion (31 December 2011 est.)
$982.6 billion (31 December 2010 est.)
Stock of domestic credit
$1.213 trillion (31 December 2011 est.)
$1.119 trillion (31 December 2010 est.)
Market value of publicly traded shares
$1.229 trillion (31 December 2010)
$1.071 trillion (31 December 2009)
$862.7 billion (31 December 2008)

Current Account Balance
$76.7 billion (2011 est.)
$76.9 billion (2010 est.)
Exports
$308.3 billion (2011 est.)
$258.5 billion (2010 est.)
Imports
$299.6 billion (2011 est.)
$246.2 billion (2010 est.)

Reserves of foreign exchange and gold
$270.3 billion (31 December 2010 est.)
$135.3 billion (31 December 2009 est.)
Debt - external
$1.346 trillion (30 June 2011)
$1.2 trillion (30 September 2010)
Stock of direct foreign investment - at home
$580.2 billion (31 December 2011 est.)
$576.2 billion (31 December 2010 est.)
Stock of direct foreign investment - abroad
$937.8 billion (31 December 2011 est.)
$911.5 billion (31 December 2010 est.)
Exchange rates
Swiss francs (CHF) per US dollar -
0.8723 (2011 est.) , 1.0429 (2010 est.) , 1.0881 (2009) , 1.0774 (2008) , 1.1973 (2007)
Fiscal year: calendar year

traveled to the USA to meeting with American citizens. HSBC's Swiss unit provided a list of 1,100 names, of which only 17 had direct contact with U.S. clients. The Swiss authorities authorized banks to defend their interests, but failed to specify what information could be handed over to U.S. authorities.

The U.S. authorities questioned two teenagers at an airport in May 2012 about their father's wealth-management activities, ***Tribune de Geneve*** reported Aug. 6, citing an unidentified Swiss lawyer. Detaining children of Swiss bankers on vacation to America is just outrageous conduct on the part of American authorities. The aggressive posture of American prosecutors in detaining family member of bankers in Switzerland illustrate that the will stop at absolutely nothing. Prosecutors need to threaten Swiss bankers and their families to make their cases against American citizens so they can confiscate all their wealth.

Even if one banker is indicted or detained in a hotel room as a material witness, that resonates in Switzerland beyond anything one can imagine. The U.S. investigation is hindering Swiss efforts to shed its image as a haven for untaxed money and comes as the loss of higher-fee earning American and European cross-border clients. The M.F. Global debacle has shown that American banks are not trust worthy and American courts will protect the banks rather than clients. Therefore, those who seek Swiss banks not to evade taxes but to protect their capital from the lack of a rule of law in the United States are out of luck. The presumption is any American with an account in Switzerland is a tax cheat. The idea of a private banks has gone out the window.

Even since UBS agreed to settle with the U.S., more than 33,000 wealthy Americans with money in offshore accounts have made voluntary disclosures, giving the IRS a trove of data to build cases against other banks. Nobody really understood back in 2006 when they were going after UBS the full scope to which the U.S. Department of Justice and the IRS would pursue this trend that has now destroyed American international investment and trade. The new world order is simply George Orwell's 1984 and banks are willing to break local laws if they deem it helpful in defending against the United States. The only defense for banks is now to get out of the United States. As long as they have any branch in the USA, they cannot be trusted to obey international law.

Credit Suisse provided the U.S. authorities with internal business documents that show how it ran its U.S. cross-border business. HSBC continues to assist the U.S. authorities with their enquiries concerning cross-border business with the United States. Mr. Eric Delissy, 71, head of legal at HSBC's Swiss unit between 1998 and 2003 has stated he expects to be arrested if he travels abroad after discovering his name was mentioned in documents sent to the U.S.

authorities. Julius Baer, which took clients from UBS before closing its U.S. business between 2009 and 2011, has paid 22.4 million francs in the 18 months on legal costs relating to the U.S. tax matter as it attempts to broker a deferred prosecution agreement.

There just is a complete breakdown regarding the respect for the rule of law that has been simply unimaginable a few years ago. The government treats these banking interests as if they were the business interests of Switzerland because the U.S. market is so enormously important to other industries. It is not only the trust of customers in the financial system and the rule of law that has been badly damaged, but also the vital trust of employees towards their bosses. The United States has broken every tenet of human trust and relation between family members as well as friends, clients and employer-employee bonds. They have really turned man against his brother all in pursuit of money. They have indeed burned down the barn to get what they perceive to be a rat.

Governments have ignored laws concerning the right of privacy of employees in relation to their employer, not to mention clients. Bank employees are not the only group to have issued a legal challenge to the distribution of data to the US authorities. Some 380 UBS clients appealed against the handover of their account details after a 2009 deal was reached between Switzerland and the US. But in 2011, the Swiss courts upheld just 100 of the cases. Yet the damage was done. Most of the 4,500 client files had already been transferred to the USA by UBS.

On the education front, the amount of Swiss youth who actually go to university is less than 20%. The entrance exams are difficult and one must be the cream or the cream to get in. However, the Swiss rely predominantly on the old Roman system of education. They boost apprenticeships and get young people into jobs that are practical. In the United States, people go to university and come out with a piece of paper, but then have to be retrained by business. You rarely find someone with a degree in actually what they are doing outside of lawyers and doctors. There is no degree in hedging, funds management or global asset allocation no less complex derivatives. The Swiss system appears to be far more practical.

YEARLY LEVEL

This year in the **Swiss Market Index** on the Yearly level, short-term momentum indicators are neutral. Short-term trend, on the other hand, is in a bearish posture. As far as the Yearly, we find that the intermediate indicators are bullish. This suggests that the 39513 level is where intermediate support will be found this year. On the broader perspective, the Cyclical Strength Model is currently bullish. Everything on the long-term models, including momentum and trend, is still in the bullish mode on the Yearly level. Therefore, support appears to rest under the market at the 50344, levels. Resistance will be found residing above the market at 52645, 59417 and 84210.

YEARLY REVERSAL SYSTEM

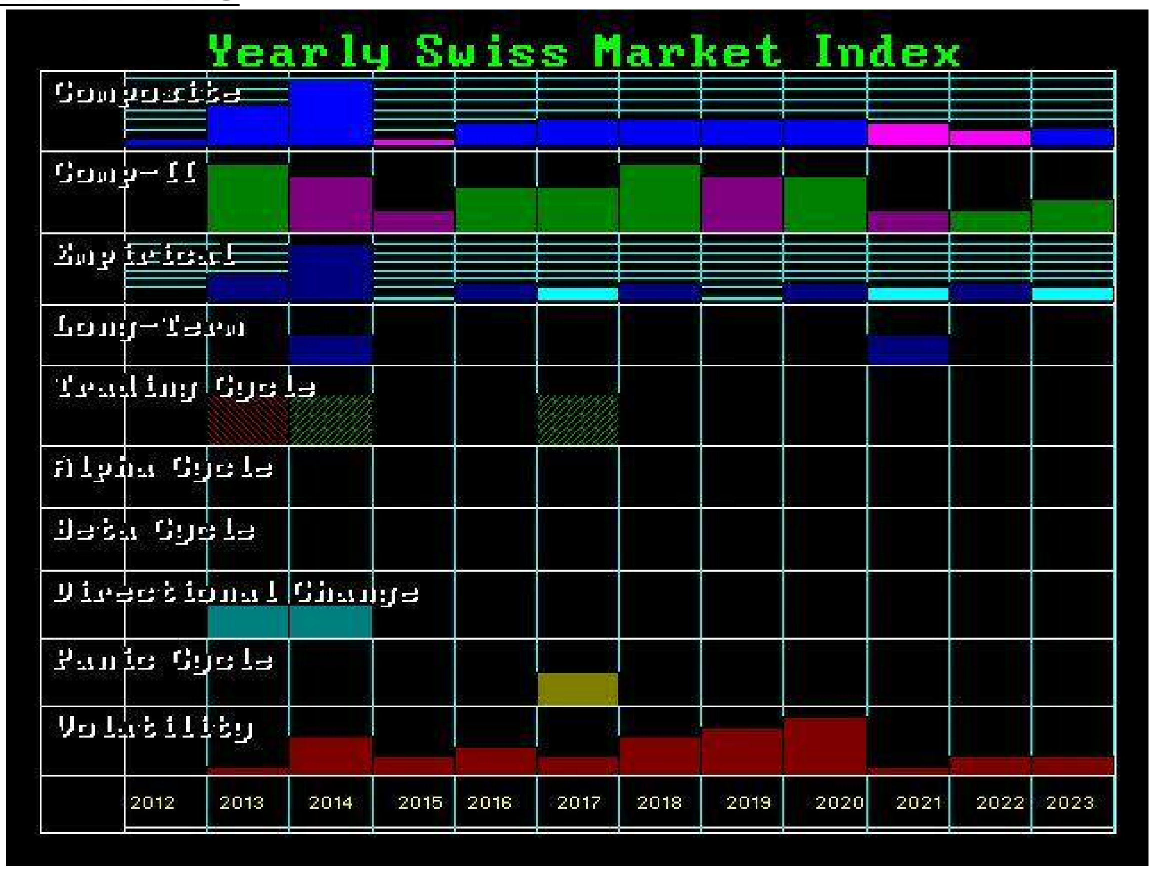
At this time, the Major Yearly Bearish Reversals are 51083, 36180, and 24435 with a **DOUBLE YEARLY BEARISH REVERSAL** at **12790**. Obviously, only a yearly closing **BELOW** 51083 will signal that an immediate downtrend could unfold leading to a renewed bear market ahead. On the near-term level of our Reversal System, the Minor Yearly Bearish Reversals reside at 56550, 43330, and 38970. Consequently, only a yearly closing **BELOW** 24435 will signal that a sell-off is likely to continue from here in the short-term. Nonetheless, only a close below 24435 will suggest a reversal in long-term trend.

On the Major level of our Reversal System, the Yearly Bullish Reversals exist at 84075 and 84210. The Minor Yearly Bullish Reversals stand at 81805 and 95485. Therefore, only a yearly closing **ABOVE** 84075 will signal that a long-term change in trend is unfolding back to the upside.

Yearly Reversals

Minor Bullish 81805 95485
Major Bullish 84075 84210
Major Bearish 51083 36180 24435 **12790**
Minor Bearish 56550 43330 38970

YEARLY TIMING



On our empirical models, the ideal primary target for the next minor turning point on the yearly level remains 2014. We do have two back-to-back Directional Change targets in 2013 and 2014 warning there can be some choppy price movement. We see 2015 as the next minor turning point followed by the next major off in 2020. There will be minor turning points 2016, 2018, and 2022-2023.

Utilizing a composite structure in cyclical timing analysis, the key years for a turning point will be 2018 and 2032 in line with the end of the current 51.6 year wave of the ECM.

Our Directional Change models indicate that turning points are due the years of 2013 and 2014. Our Panic Cycle Models suggest that higher volatility is due the year of 2017. We should expecvt high volatility in 2014, 2016 and then massive volatility building onto 2020 indicating we could see a major Phase Transition at that time.

Yearly Turning Points:

(2012), 2014, 2015, (2016), (2018), 2020, (2023)

YEARLY TECHNICAL OUTLOOK

RESISTANCE: 70475 101365
SUPPORT: 52858 45435

TABLE #1

Yearly Technical Projections

2012...	45435	52858	70475	10136
2013...	46463	44333	69445	10254
2014...	47492	35808	68415	10371
2015...	48520	27284	67386	10489
2016...	49548	18759	66356	10607
2017...	50577	10234	65326	10724
2018...	51605	1710	64297	10842

Yearly Indicating Ranges

Date	Momentum	Trend	Long-Term
2012	59417-31571	84210-39513	50344-42350
2013	66155-38972	76484-42350	69910-56551
2014	69907-12790	71232-17586	84890-51083

2012 MOMENTUM INDICATORS HLC 67817 49551 63060

QUARTERLY LEVEL

QUARTERLY REVERSAL SYSTEM

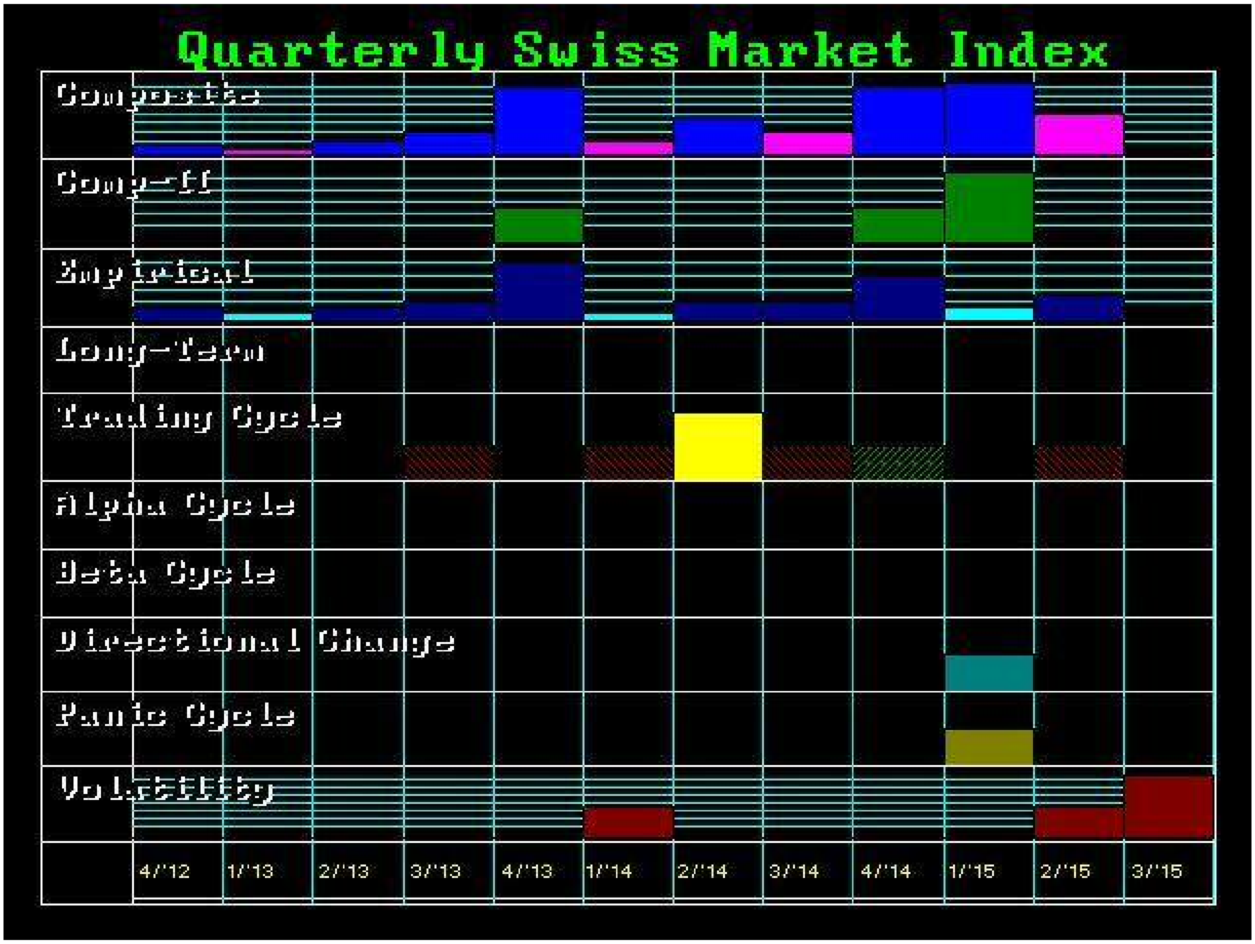
At this time, the Major Quarterly Bearish Reversals are 407070, 361800, 347170, 247349, and 170300. Accordingly, only a quarterly closing **BELOW** 407070 will signal that an immediate downtrend could retest long-term support. The Reversal System indicates that our near-term Minor Quarterly Bearish Reversals are found at 622830, 530780, 503440, and 423500. Hence, only a quarterly closing **BELOW** 622830 will signal that a sell-off is likely to follow. Nonetheless, only a close below 407070 will suggest a reversal in long-term trend.

Looking at the long-term level of our Reversal System, the Major Quarterly Bullish Reversals are 842100 and 937670. Our model also highlights Minor Quarterly Bullish Reversals above the market at 764840 and 935470. Accordingly, only a quarterly closing **ABOVE** 764840 will signal that an immediate uptrend should unfold thereafter.

Quarterly Reversals

Minor Bullish 764840 935470
Major Bullish 842100 937670
Major Bearish 407070 361800 347170 247349 170300
Minor Bearish 622830 530780 503440 423500

QUARTERLY TIMING



According to our empirical models, the ideal primary target for the next major turning point on the quarterly level, remains 10/2012, followed by 10/2013, 04/2014 and 01/2015.

Using a composite of cyclical analysis, the key quarters for a turning point will be 01/2017 and 01/2018.

Our Directional Change models indicate that a turning point is due the quarter of 01/2015. Our Panic Cycle Models suggest that higher volatility is due the quarter of 01/2015. We see high volatility 04/2015 into 07/2015.

Quarterly Turning Points:

10/2012, (01/2013), 10/2013, (01/2014), 04/2014, 01/2015

QUARTERLY TECHNICAL OUTLOOK

RESISTANCE: 922042
SUPPORT: 666302 597172 561402

TABLE #2

Quarterly Technical Projections

01/2013... 56140 59717 66630 92204
04/2013... 56140 59717 66630 92204
07/2013... 56140 59717 66630 92204
10/2013... 56140 59717 66630 92204
01/2014... 56140 59717 66630 92204
04/2014... 56140 59717 66630 92204
07/2014... 56140 59717 66630 92204

Quarterly Indicating Ranges

Date	Momentum	Trend	Long-Term
01/2013	635750-423500	673910-588150	888730-596220
04/2013	629940-483700	660450-554620	832960-571210
07/2013	639460-469530	662010-520480	808090-607870

1ST QUARTER '2013 MOMENTUM INDICATORS HLC 657416 609740 642853

MONTHLY LEVEL

MONTHLY REVERSAL SYSTEM

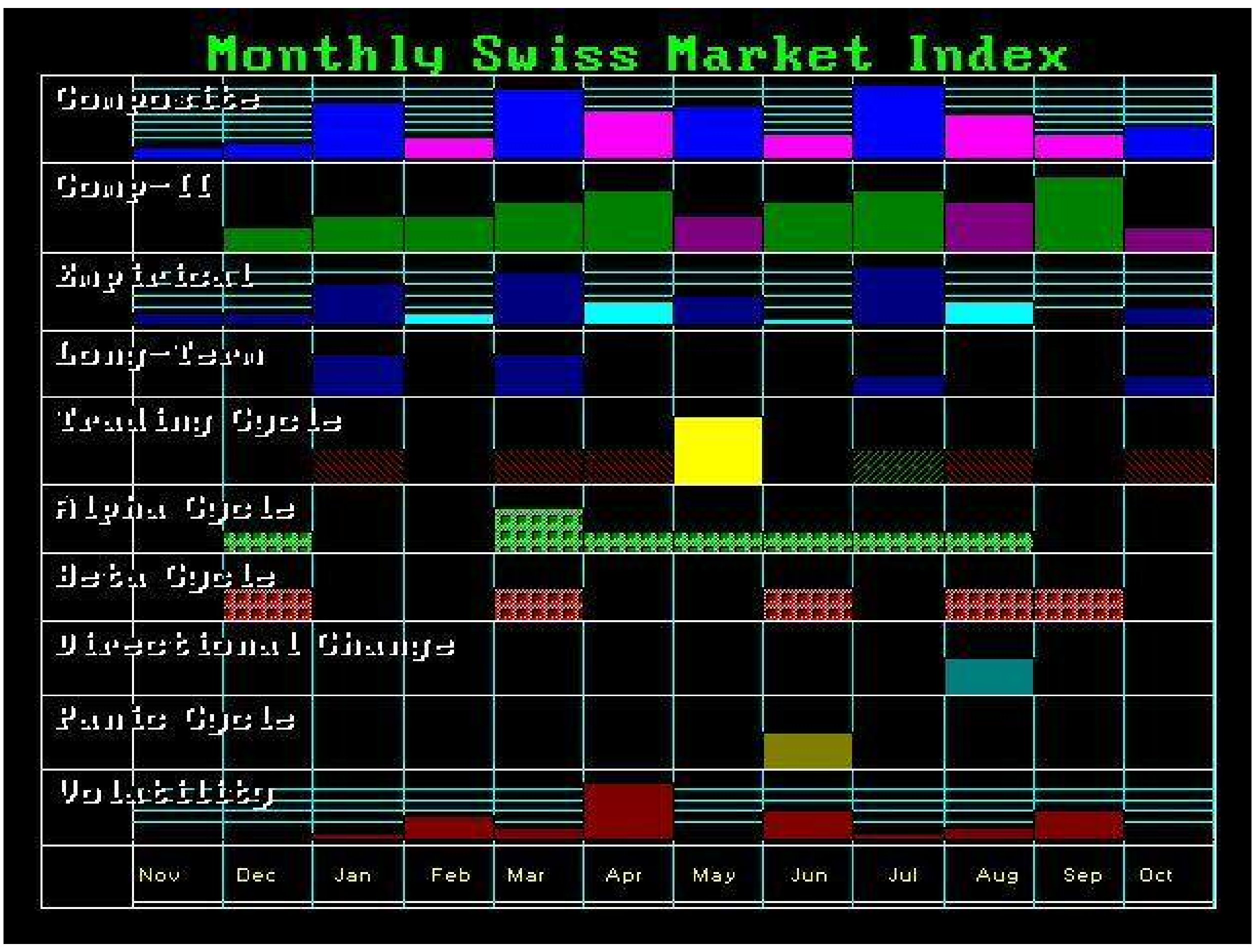
Looking at the long-term level of our Reversal System, the Major Monthly Bullish Reversals are 69120, 76121, 81335, 88365, 90420, 92438, 93550, and 95153. As a result, only a monthly closing **ABOVE** 69120 will signal that an immediate uptrend should unfold thereafter. Such a closing would warn that this market should move to the upside in the months ahead. In addition, our Minor Monthly Bullish Reversals stand at 66185, 69910, and 73585. Therefore, only a monthly closing **ABOVE** 66185 will signal that an immediate uptrend should unfold thereafter.

At this time, the Major Monthly Bearish Reversals are 46790, 44320, 43331, 39975, and 36180. Hence, only a monthly closing **BELOW** 46790 will signal that an immediate downtrend could retest long-term support. This type of a closing would warn that we should expect further follow-through thereafter. When we look at the Minor level, our Monthly Bearish Reversals are found at 52050 and 50345. Therefore, only a monthly closing **BELOW** 52050 will signal that an immediate downtrend should unfold thereafter.

Monthly Reversals

Minor Bullish 66185 69910 73585
Major Bullish 69120 76121 81335 88365 90420 92438 93550 95153
Minor Bearish 52050 50345
Major Bearish 46790 44320 43331 39975 36180

MONTHLY TIMING



Looking at our empirical models, the ideal primary target for the next minor turning point on the monthly level, remains 01/2013, followed by 03/2013, 05/2013, 07/2013 and 09-10/2013.

Utilizing a composite structure in cyclical timing analysis, the key months for a turning point will be 10/2013 and 03/2016.

Our Directional Change models indicate that a turning point is due the month of 08/2013. Our Panic Cycle Models suggest that higher volatility is due the month of 06/2013. We see high volatility in 04/2013.

Monthly Turning Points:

01/2013, 03/2013, 05/2013, 07/2013, 09-10/2013

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 78289
SUPPORT: 53984 46590 24535

TABLE #3

Monthly Technical Projections

11/01...	24535	46590	53984	78289
12/01...	24535	45837	53346	78559
01/01...	24535	45085	52708	78830
02/01...	24535	44333	52069	79100
03/01...	24535	43581	51431	79370
04/01...	24535	42829	50792	79641
05/01...	24535	42076	50154	79911

Monthly Indicating Ranges

Date	Momentum	Trend	Long-Term
11/2012	63347-57232	63575-60412	64179-60787
12/2012	63560-46953	64249-56913	65541-60392
01/2013	63558-51288	64928-56370	66201-57664

MONTHLY PATTERN RECOGNITION

If this month closes below 64930, then the upward momentum has been lost which implies that a temporary top is in place and a near-term retest of support should begin.

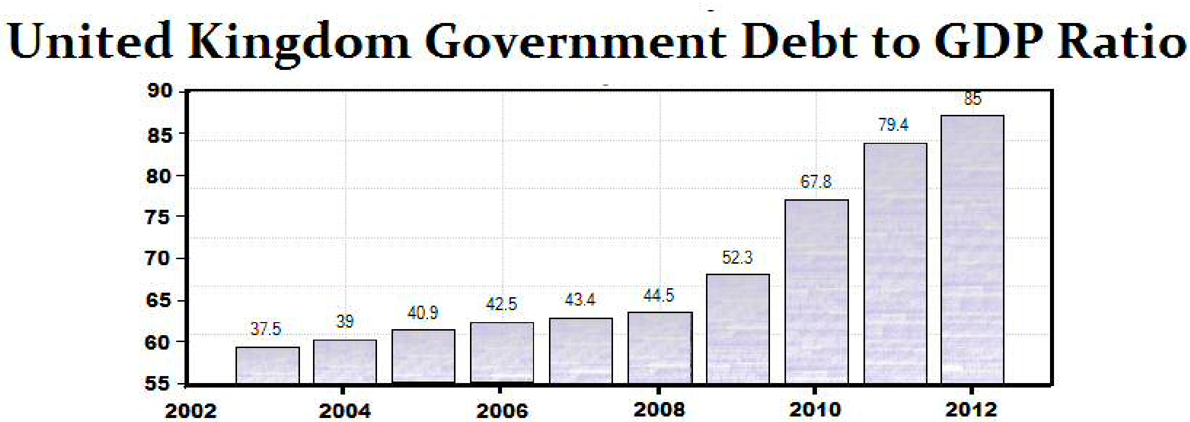
NOVEMBER MOMENTUM INDICATORS HLC 66573 64044 64930

A TECHNICAL OUTLOOK FOR LONDON FTSE 100

David Cameron addressed the 2012 CBI Conference in London about his plans to help British business thrive. He went on to say:

> ***"We get that the world is breathing down our neck. And we get what British business needs. You need us to deal with our deficit. To cut business taxes so we can compete.***
> ***To have a proper industrial strategy to get behind the growth engines of the future.***
> ***To reform education so we turn out the brightest graduates and school leavers. To reform welfare so it pays to work. These are the key steps to Britain thriving in this global race."***

Cameron has at the very least articulated the sensible approach rather than the French chasing out the wealthy because it looks good for the peanut gallery to pretend to be still a Marxist-Lenin even if those policies makes no sense. Nonetheless, there is a rising tide within Britain to exit the EU. With the economic crisis boosting anti-EU sentiment in Britain, Prime Minister David Cameron has said that when the time is right he will hold a referendum on Britain's relationship with the 27-country bloc.



Eurosceptics within Britain have been saying all along I told you so. In the meanwhile, they are pushing for a straight "in-out" referendum on Britain's membership after a sharp drop over recent years in British public support for remaining part of the EU. Others argue that despite the chaos in European it remains home for about half of British exports, True, it may be like a sour marriage where one can't live with your spouse, but are too afraid of being alone to live without them. What is interesting, it was Margaret Thatcher who was drummed out of office for being a Eurosceptic and trying to restore British economic power. Today, there is a rising popular appeal to withdrawal in the face a great economic Sovereign Debt Crisis. David Cameron thus state at the CBI conference:

> ***"Well, this country is in the economic equivalent of war today - and we need the same spirit. We need to forget about crossing every 't' and dotting every 'i' and we need to throw everything we've got at winning in this global race."***

UK Economic - overview

The UK, once the financial capital of the world and the premier trading power, to this day still remains a financial center among the world markets. It remains the third largest economy in Europe after Germany and France. Over the past two decades, the government has greatly reduced public ownership of corporations thanks to the efforts of Margaret Thatcher. She truly grabbed Britain out of the gutter and began to raise its head into the light. Since then, Britain has made a continued effort to contain the growth of social welfare programs.

Lady Margaret Thatcher
Prime Minister 1979-1990

GDP (purchasing power parity)
$2.25 trillion (2011 est.)
$2.225 trillion (2010 est.)
$2.195 trillion (2009 est.)
note: data are in 2011 US dollars

GDP (official exchange rate)
$2.481 trillion (2011 est.)

GDP - real growth rate
1.1% (2011 est.)
1.4% (2010 est.)
-4.4% (2009)

GDP - per capita (PPP)
$35,900 (2011 est.)
$35,800 (2010 est.)
$35,500 (2009 est.)
note: data are in 2011 US dollars

GDP - composition by sector
agriculture: 0.7%
industry: 21.4%
services: 77.8% (2011 est.)

Population below poverty line
14% (2006 est.)

Labor force
31.73 million (2011 est.)
Labor force - by occupation
agriculture: 1.4%
industry: 18.2%
services: 80.4% (2006 est.)

Unemployment rate
8.1% (2011 est.)
7.8% (2010 est.)
Unemployment, youth ages 15-24
total: 18.9%
male: 21.7%
female: 15.6% (2009)

Household income or consumption by percentage share
lowest 10%: 2.1%
highest 10%: 28.5% (1999)

Distribution of family income - Gini index
34 (2005)
36.8 (1999)

Investment (gross fixed)
14.3% of GDP (2011 est.)

Budget
revenues: $986.5 billion
expenditures: $1.188 trillion (2011 est.)

Taxes and other revenues
40.9% of GDP (2011 est.)

Budget surplus (+) or deficit (-)
-8.8% of GDP (2011 est.)

Agriculture is intensive, highly mechanized, and efficient by European standards, producing about 60% of food needs with less than 2% of the labor force. The UK has large coal mining operation. The saying in Britain is you do not bring coal to Newcastle. Yet Britain also has natural gas, and oil resources in the North Sea, but its oil and natural gas reserves are declining and the UK became a net importer of energy in 2005.

Services, particularly banking, insurance, and business services, account by far for the largest proportion of GDP while industry continues to decline in importance. After emerging from recession in 1992, Britain's economy enjoyed the longest period of expansion on record during which time growth outpaced most of Western Europe.

In 2008, however, the global financial crisis hit the economy particularly hard, due to the importance of its financial sector. Sharply declining home prices was accelerated by the lack of long-term fixed mortgages. There is also high consumer debt, and the global economic slowdown compounded Britain's economic problems, pushing the economy into recession in the latter half of 2008 and prompting the then Brown (Labour) government to implement a number of measures to stimulate the economy and stabilize the financial markets; these include nationalizing parts of the banking system, temporarily cutting taxes, suspending public sector borrowing rules, and moving forward public spending on capital projects.

Britain faces escalating public deficits and debt levels, in 2010 the Cameron-led coalition government (between Conservatives and Liberal Democrats) initiated a five-year austerity program, which aims to lower London's budget deficit from over 10% of GDP in 2010 to nearly 1% by 2015. But there is no plan to actually pay off the debt.

In November 2011, Chancellor of the Exchequer George Osborne announced additional austerity measures through 2017 because of slower-than-expected economic growth and the impact of the Eurozone ***Sovereign Debt Crisis***. The Cameron government raised the value added tax from 17.5% to 20% in 2011 seriously reducing the economic growth potential and raising the real cost of living during hard times all to pay bondholders.

Britain has pledged to reduce the corporation tax rate to 23% by 2015. The Bank of England (BoE) implemented an asset purchase program of up to £325 billion (approximately $525 billion) as of February 2011. During times of economic crisis, the BoE coordinates interest rate moves with the European Central Bank, but Britain remains outside the European Economic and Monetary Union (EMU) which has helped to allow it to focus on its domestic economy more directly.

There is a rising tide within Britain to leave the EU as the economic crisis continues to drag on. There has always been a stiff Eurosceptic movement within Britain of which Margaret Thatcher was a proponent. That sentiment has just never evaporated despite the press and opposition.

Nonetheless, there is also a separatist movement rising in Scotland which has historically always been beneath the surface there as well. Alex Salmond in Edinburgh is far from a fringe extremist. He

Public debt
79.5% of GDP (2011 est.)
76.1% of GDP (2010 est.)
note: data cover general government debt, and includes debt instruments issued (or owned) by government entities other than the treasury; the data include treasury debt held by foreign entities; the data include debt issued by subnational entities, as well as intra-governmental debt; intra-governmental debt consists of treasury borrowings from surpluses in the social funds, such as for retirement, medical care, and unemployment. Debt instruments for the social funds are not sold at public auctions.

Inflation rate (consumer prices)
4.5% (2011 est.)
3.3% (2010 est.)

Central bank discount rate
7.75% (31 December 2010 est.)
0.5% (31 December 2009 est.)

Commercial bank prime lending rate
4% (31 December 2011 est.)
3.962% (31 December 2010 est.)
Stock of narrow money
$96.55 billion (31 December 2011 est.)
$88.88 billion (31 December 2010 est.)
Stock of broad money
$3.53 trillion (31 December 2011 est.)
$3.362 trillion (31 December 2010 est.)
Stock of domestic credit
$5.151 trillion (31 December 2009)
$4.436 trillion (31 December 2008)

Market value of publicly traded shares
$3.107 trillion (31 December 2010)
$2.796 trillion (31 December 2009)
$1.852 trillion (31 December 2008)

Current Account Balance
-$66.6 billion (2011 est.)
-$71.6 billion (2010 est.)
Exports
$495.4 billion (2011 est.)
$410.2 billion (2010 est.)
Imports
$654.9 billion (2011 est.)
$563.2 billion (2010 est.)

Reserves of foreign exchange and gold
$82.41 billion (31 December 2010 est.)
$66.72 billion (31 December 2009 est.)

Debt - external
$9.836 trillion (30 June 2011)
$8.981 trillion (30 June 2010)
Stock of direct foreign investment - at home
$1.136 trillion (31 December 2011 est.)
$1.076 trillion (31 December 2010 est.)
Stock of direct foreign investment - abroad
$1.702 trillion (31 December 2011 est.)
$1.675 trillion (31 December 2010 est.)
Exchange rates
British pounds (GBP) per US dollar -
0.6176 (2011 est.); 0.6468 (2010 est.); 0.6175 (2009); 0.5302 (2008); 0.4993 (2007)
Fiscal year: 6 April - 5 April

Alex Salmond of Edinburgh

is a mainstream conservative who wants to break Scotland apart from England. Scotland has its vote on separate statehood in two years. Alexander Elliot Anderson Salmond is a Scottish politician and current First Minister of Scotland. He became Scotland's fourth First Minister in May 2007. He is the Leader of the Scottish National Party, having served as Member of the Scottish Parliament for Gordon. From 1987 to 2010 he served as Member of Parliament for Banff and Buchan in the UK House of Commons. There is no doubt that the Global Financial Crisis of 2007 has been one of the greatest economic events that is stirring the pot containing the eternal sea of politics.

Scotland has been seeking a separate identity ever since the days of Edward I that was the basis of the 1995 blockbuster movie – Braveheart starring Mel Gibson who played the Scottish hero William Wallace who was executed in August 1305. Scotland eventually became formerly part of Great Britain in 1707 under Queen Ann (see medal commemorating the union).

The FTSE peaked in December 1999 ahead of the US share market coinciding with Britain's sale of gold bullion. It reached the lowest monthly closing in January 2003 that was a perfect 37 month decline (8.615 x 4.307). The low in 2009 held above the 2003 low and so far the FTSE appears to be concluding a 13 year consolidation period that may end here in 2012. We see 2013 as a Directional Change and the next major turning point is due in 2015 in line with the Economic Confidence Model. A high at that time would imply a decline thereafter for 2 to 3 years. We have a Panic Cycle due in 2016 and rising volatility into 2019.

Nevertheless, only an annual closing **BELOW** 2949.5 would signal broader long-term bear market should unfold in the years ahead. That being unlikely, eventually an annual closing **ABOVE** 6535 will signal a breakout to new highs in the years ahead. Assuming that a 2003 low holds, what we may have seen is the FTSE completes a 13 year consolidation pattern in 2012. If this is correct, then the Directional Change in 2013 may be to the upside.

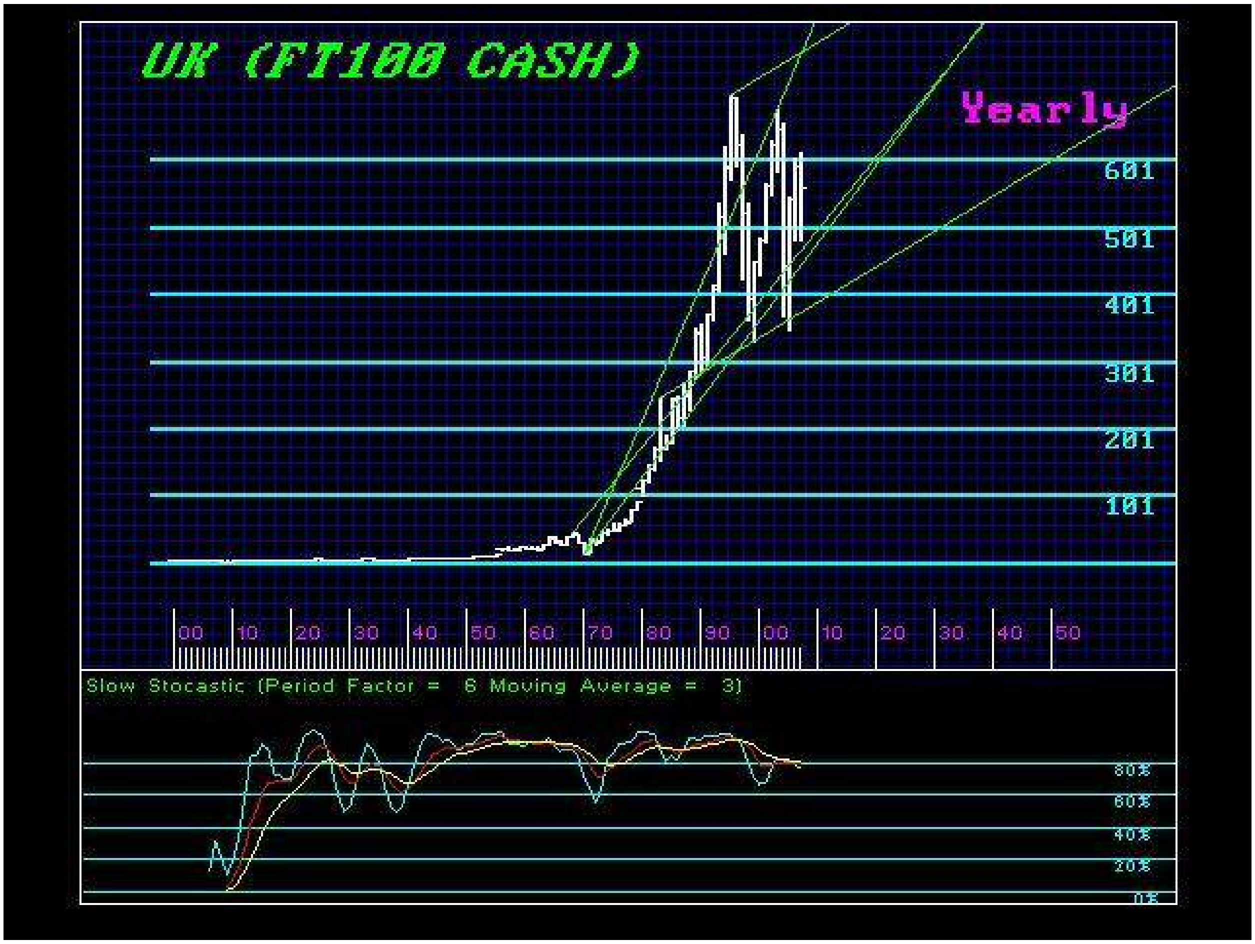
An annual closing **ABOVE** 5446 at year-end 2012 will keep this market in a neutral position. However, 6022 and 6535 are the key resistance areas to watch during 2013. We need a monthly closing **ABOVE** 5964 to shift this market into a near-term bullish position. To imply we may have a rally, we need to see a monthly closing **ABOVE** 60765.

We see December providing higher volatility and January through April will be a choppy consolidation period. The important turning points will be May and September following the ECM Target date of August 7th. We also see high volatility in May and July may prove to a Panic Cycle meaning either an outside reversal (up or down) and a Directional Change off in October 2013.

The trading range of 1999 to 2003 has set the tone. Within this broad range (69506 – 3277.5) the FTSE has been merely consolidating. A Quarterly closing **ABOVE** 6535 will also confirm that we are looking at a breakout to the upside as capital shifts from **PUBLIC** assets (bonds) into **PRIVATE** (stocks).

Projected resistance looking out into 2015-2016 stands at 7467-7646. We see 2015-2016 as a key turning point. However, keep in mind this could also be a low within the 1999-2003 range. If we were to accomplish a decline into that people much as Greece has decline on economic perceptions, our timing models show that in 2018 there will be a major change in trend. There appears to be the potential for a Phase Transition between 2018 and 2024. Therefore, Even a high in 2015.75 that corrects for 2 years may be followed by a very sharp rally thereafter going into 2024. This would imply the “cliff” in Sovereign Debt would appear in 2015.75 and as the ECM turns down into 2020 thereafter, the shift in **PUBLIC** to **PRIVATE** assets will control.

YEARLY LEVEL



Currently in the FTSE 100, on the Yearly level of our system model, the short-term momentum indicators are neutral. Short-term trend, on the other hand, is in a bullish posture just yet. Intermediate system levels in, presently provide a bullish indication. This tends to suggest overall that the 41232 and 36126 levels is where intermediate support will be found this year. Clearly, this area must not be violated, or the present trend will indeed shift into a bearish mode. On the broader perspective, the Cyclical Strength Model is currently bullish. Everything on the long-term models, including momentum and trend, is still in the bullish mode on the Yearly level. Therefore, support appears to rest under the market at the 48262, 42830, 36652, 24357, 17824, 5836, 4694, 2288 and 1842 levels. Resistance will be found residing above the market at 65347.

YEARLY REVERSAL SYSTEM

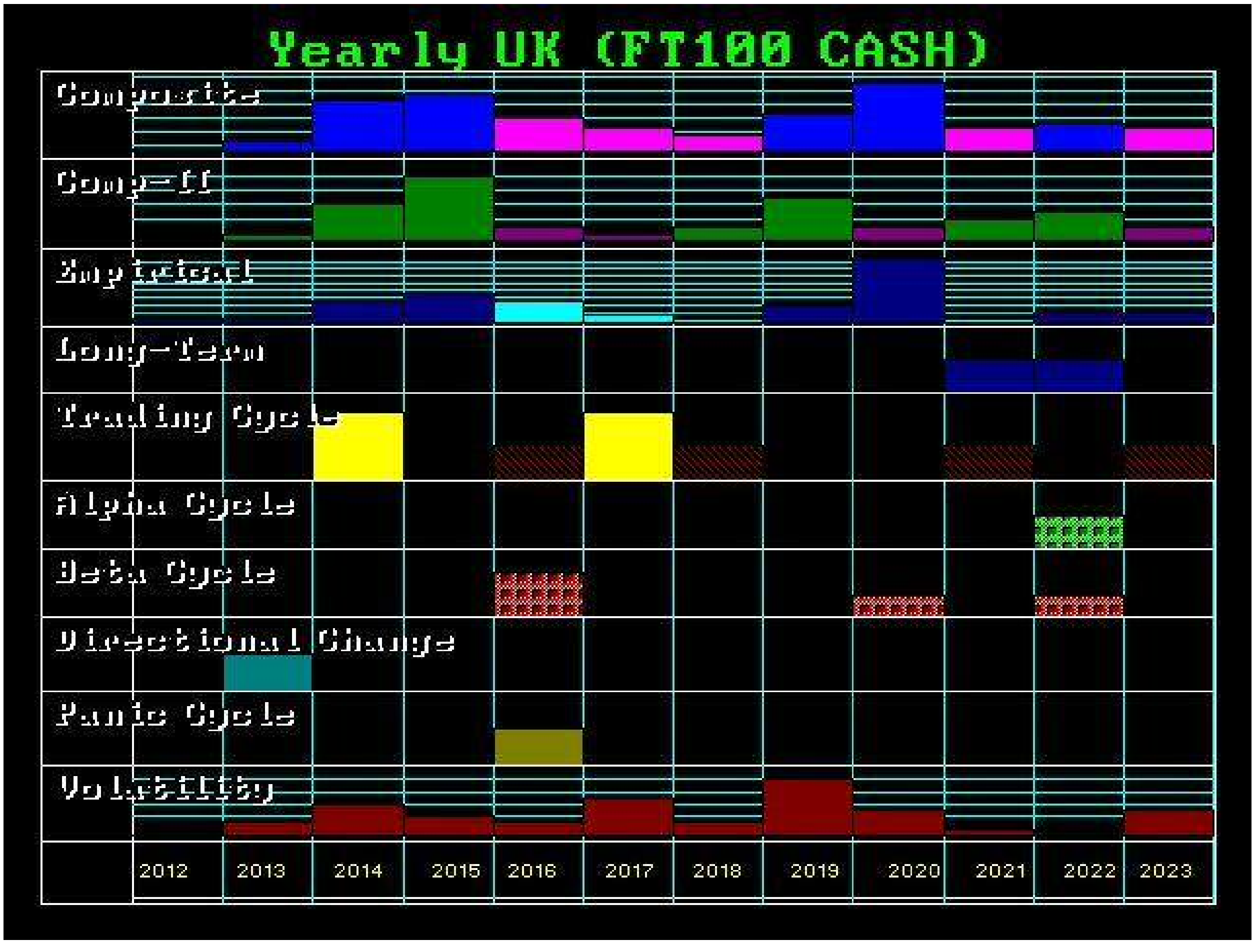
At this time, the Major Yearly Bearish Reversals are 29490, 20520, 7865, and 4745. Therefore, only a yearly closing **BELOW** 29490 will signal that a renewed bear market ahead. On our near-term system models, the Minor Yearly Bearish Reversals are found at 32775, 20520, and 9785. It should be noted that one key reversal appears to be very important. We see that a yearly closing beneath 32775 may signal that a serious sell-off is likely to follow thereafter.

According to our Reversal System model, the Major Yearly Bullish Reversal is standing at 69510. Our model also highlights a Minor Yearly Bullish Reversal standing at 65350 followed by 69305. Consequently, only a yearly closing **ABOVE** 65350 will signal that an immediate uptrend should unfold thereafter.

Yearly Reversals

Minor Bullish 65350 69305
Major Bullish 69510
Major Bearish 29490 20520 7865 4745
Minor Bearish 32775 20520 9785

YEARLY TIMING



On our empirical models, the ideal primary target for the next minor turning point on the yearly level, remains 2013 where we also have a Directional Change. Thereafter, the key targets will be 3015 with the ECM, 2017 following a Panic Cucle in 2016, 2020 followed by 2022.

Utilizing a composite structure in cyclical timing analysis, the key years for a turning point will be 2018 and 2031.

Our Directional Change models indicate that a turning point is due the year of 2013. Our Panic Cycle Models suggest that higher volatility is due the year of 2016. We see high volatility in 2014, 2017, 2019, and 2023.

Yearly Turning Points:

(2012), 2015, (2018), 2020, (2022)

YEARLY TECHNICAL OUTLOOK

RESISTANCE: 77580
SUPPORT: 47580 37400

TABLE #1
Yearly Technical Projections

2012...	37400	47580	77580
2013...	37914	48659	79588
2014...	38428	49738	81596
2015...	38942	50817	83604
2016...	39456	51897	85611
2017...	39970	52976	87619
2018...	40484	54055	89627

Yearly Indicating Ranges

Date	Momentum	Trend	Long-Term
2012	41232-17824	42830-24357	48262-36126
2013	47654-19741	53673-24794	54452-34607
2014	54674-20523	60215-26837	61837-45992

2012 MOMENTUM INDICATORS HLC 58575 43472 56283

QUARTERLY LEVEL

QUARTERLY REVERSAL SYSTEM

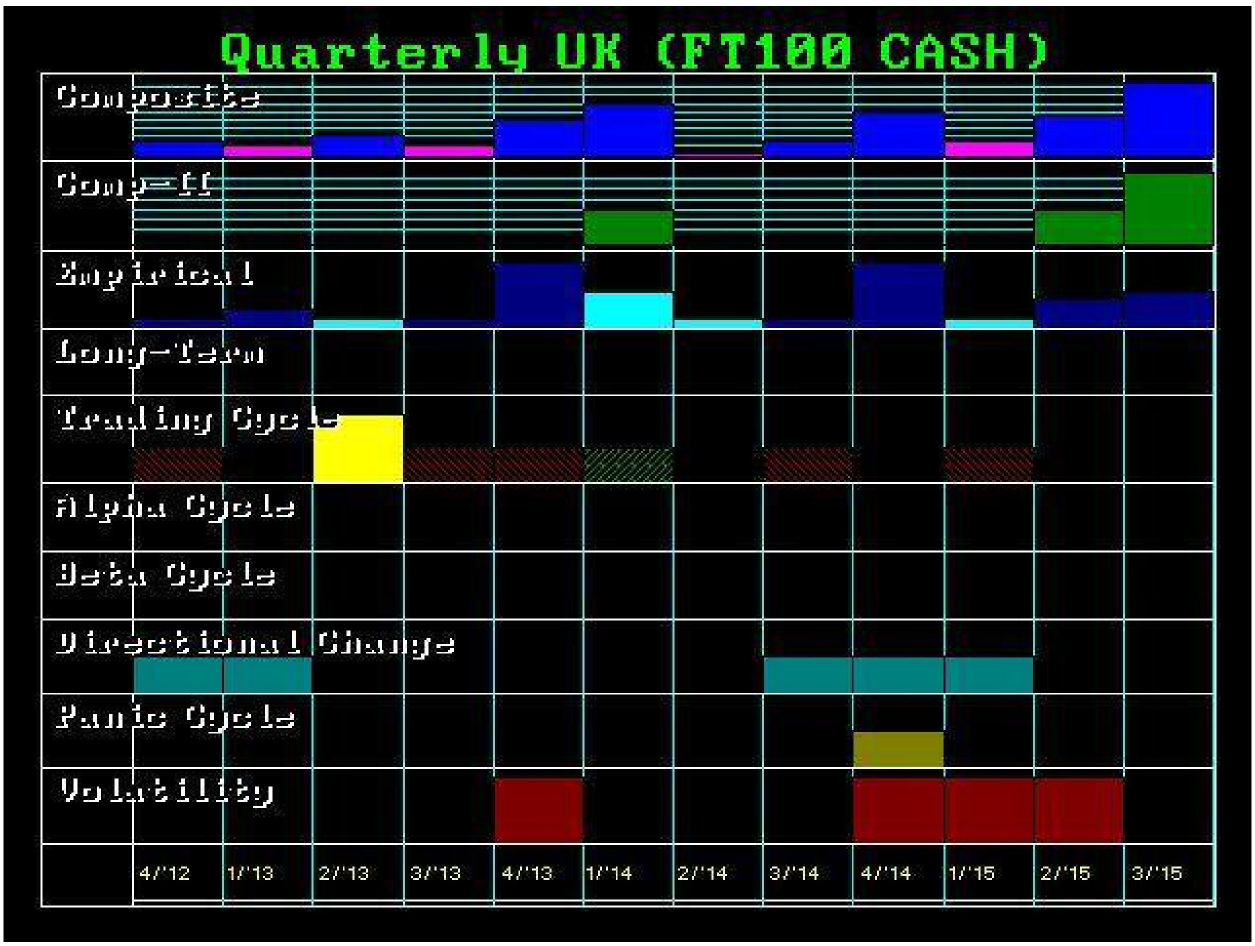
At this time, the Major Quarterly Bearish Reversals are 36120, 34605, 34425, 30615, 29060, 24460, and 23740. As a result, only a quarterly closing **BELOW** 34425 will signal that an immediate downtrend could become more serious in the near-term. When we look at the Minor level, our Quarterly Bearish Reversals are found at 48985, 36120, and 34605. Therefore, only a quarterly closing **BELOW** 53387 will signal that a sell-off is likely to follow. Nonetheless, only a close below 53387 will suggest a reversal in long-term trend.

On a long-term basis, our Reversal System indicates that our Major Quarterly Bullish Reversals are 66495 and 68390. The Minor Quarterly Bullish Reversals are 64515 and 65350. Clearly, only a quarterly closing **ABOVE** 61371 will signal that an immediate uptrend should unfold thereafter.

Quarterly Reversals

Minor Bullish 64515 65350
Major Bullish 66495 68390
Major Bearish 36120 34605 34425 30615 29060 24460 23740
Minor Bearish 48985 36120 34605

QUARTERLY TIMING



According to our empirical models, the ideal primary target for the next major turning point on the quarterly level, remains 10/2012, followed by 01/2013, 04/2013, 10/2014-01/2014, 10/2014, and 07/2015.

Using a composite of cyclical analysis, the key quarters for a turning point in will be 01/2018 and 01/2018.

Our Directional Change models indicate that turning points are due the quarters of 10/2012, 01/2013, 07/2014, 10/2014 and 01/2015. Our Panic Cycle Models suggest that higher volatility is due the quarter of 10/2014. We see high volatility 10/2013 and 10/2014 through into 04/2015.

Quarterly Turning Points:

(01/2013), (04/2013), (10/2013-01/2014), 10/2014, (07/2015)

QUARTERLY TECHNICAL OUTLOOK

RESISTANCE: 64568 66274 80470
SUPPORT: 36361 36008

TABLE #2
Quarterly Technical Projections

10/2012...	36361	64568	66274	80470
01/2013...	36478	65156	66212	81086
04/2013...	36595	65745	66150	81702
07/2013...	36712	66333	66087	82317
10/2013...	36828	66922	66025	82933
01/2014...	36945	67510	65963	83549
04/2014...	37062	68099	65901	84165

Quarterly Indicating Ranges

Date	Momentum	Trend	Long-Term
10/2012	57473-36652	59896-48686	60215-50520
01/2013	59891-34607	61058-46757	62939-55723
04/2013	58217-38382	58902-45208	61037-52298

4TH QUARTER '2012 MOMENTUM INDICATORS HLC 59373 54267 56939

MONTHLY LEVEL

MONTHLY REVERSAL SYSTEM

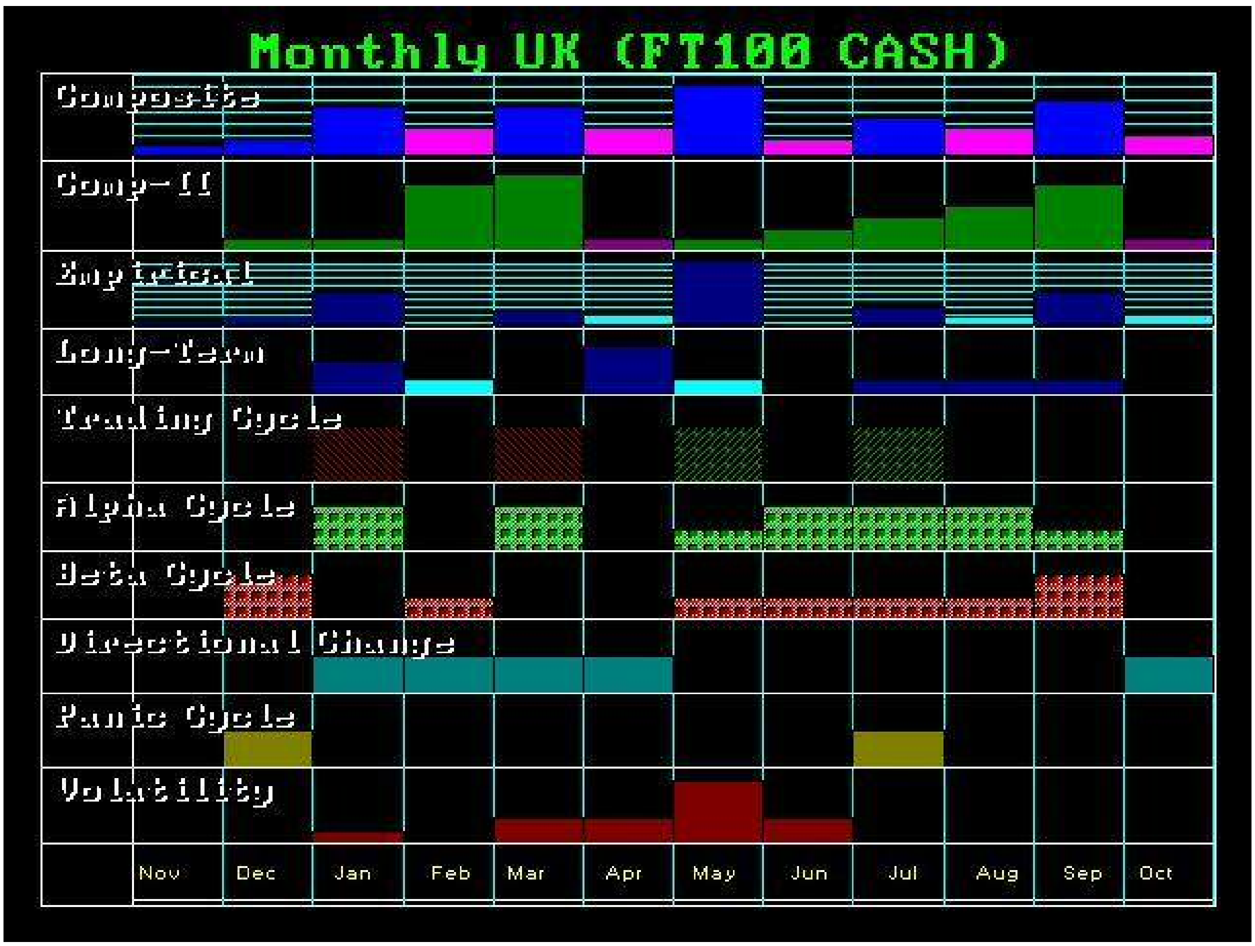
At this time, the Major Monthly Bearish Reversals are 35350, 32775, 27735, and 22820. Consequently, only a monthly closing **BELOW** 27737 will signal that an immediate downtrend could retest long-term support. According to our model, the Minor Monthly Bearish Reversals are found at 49550, 48985, 40961, 37341, and 34607. Thus, only a monthly closing **BELOW** 49550 will signal that an immediate downtrend should unfold thereafter.

Presently, the Minor Monthly Bullish Reversals are 60905 and 61040. The Major Monthly Bullish Reversals stand at **60745,** 61045, 62715, 65162, and 67540. We do have a **DOUBLE MONTHLY BULLISH REVERSAL** at 60745.

Monthly Reversals

Minor Bullish 60905 61040
Major Bullish **60745** 61045 62715 65162 67540
Major Bearish 35350 32775 27735 22820
Minor Bearish 49550 48985 40961 37341 34607

MONTHLY TIMING



Looking at our empirical models, the ideal primary target for the next minor turning point on the monthly level, remains 01/2013, followed by 03/2013, 05/2013, 07/2013, and 09/2013.

Utilizing a composite structure in cyclical timing analysis, the key months for a turning point will be 01/2018 and 01/2037.

Our Directional Change models indicate that turning points are due the months of 01/2013, 02/2013, 03/2013, 04/2013 and 10/2013. Our Panic Cycle Models suggest that higher volatility is due the months of 12/2012 and 07/2013.

Monthly Turning Points:

01/2013, 03/2013, 05/2013, 07/2013, 09/2013

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 64020 64687
SUPPORT: 54791 26099

TABLE #3

Monthly Technical Projections

11/01...	26099	54791	64020	64687
12/01...	25905	55250	64204	65287
01/01...	25712	55708	64387	65886
02/01...	25518	56167	64570	66486
03/01...	25325	56626	64754	67086
04/01...	25132	57084	64937	67685
05/01...	24938	57543	65120	68285

Monthly Indicating Ranges

Date	Momentum	Trend	Long-Term
11/2012	57528-54780	59891-55283	60215-57265
12/2012	58762-47910	58902-55764	59135-56330
01/2013	58199-49281	58610-52539	59326-54497

NOVEMBER MOMENTUM INDICATORS HLC 59123 56688 57454