The DOLLAR

The World Currency or
Are its Days Really Numbered?

What Lies Ahead
Armstrong Economics
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The World Currency or Are its Days Really Numbered?

There is little doubt that the dollar haters are foaming at the mouth and swearing that Greenback must move into hyperinflation and collapse into dust. They tout that the renminbi of China will displace the dollar just as they did with the Japanese yen, and, of course, the euro when they captured the headlines. The dollar haters are spinning wild tales that when the renminbi is incorporated into the Special Drawing Rights (SDR) at the International Monetary Fund (IMF) it will become a reserve currency and dethrone the dollar. Naturally these people are obsessed with hating the dollar and see everything through the eyes of bias and prejudice. What they miss entirely is the pending demise of Europe. They preach the stock market will collapse by 80–90% but cannot explain how that would even happen only with vague references to the Great

Depression and the German hyperinflation. They are fixated on this theory of money and cannot see that throughout history either the private sectors move to abuse and then it goes into a crash and burn or government self-destructs and it is the bond markets that crash and burn – not equities.

Their doomsday prognosis is interlinked to the lack of comprehension of the one-dimensional theory of money. They merely assume that an increase in money supply equates to inflation yet fail to understand the role of the velocity of money. If people hoard money, the velocity declines. Inflation requires rapid spending for people fear the money will buy less. These theories ignore **CONFIDENCE** and reduce everything to a single one-dimensional cause and effect. If people have not yet lost confidence in government, they will hoard money even if the supply increases. If they lose their faith in government, then they will spend it as fast as they get it. You cannot apply the idea of the supply and demand yet only look at the supply ignoring demand. Therefore, these people remain clueless that the money supply need not even increase and inflation will materialize.

Additionally, much of their problem arises from the total failure to also understand basic concepts such as what is **"money"** no less what is a **"currency."** Are they really the same or different? The Euro remains greatly misunderstood for it is not the money of a monetary union at all. The Euro is the product of a clear **fixed monetary system** with a single currency providing an exchange rate mechanism. There is a huge difference between such systems compared to a **monetary union** such as the **Latin Monetary Union** of the 19th century which did not surrender sovereignty.

The **Latin Monetary Union** was a "club" where nations agreed upon a standard among them that would allow "money" to be independent rather than the "currency" of a sovereign nation. Thus, there is a political difference between the concepts of a **monetary union** and a **fixed monetary system**. This is not dissimilar from a federation in the form of a confederation such as in the United States, Germany or Switzerland with a central constitutional state sitting on top as a federal government. In such a system, the members are subject to certain sovereign rights with a purpose of furthering a loose connection that one enters to perceive common interests. In theory, the states are independent and membership was not to be compulsory.

Wolfgang Schäuble

The Euro, however, was covertly planned from the outset as the economic equivalent of a federal state and **not** as a simple **monetary union**. The year 2015 has demonstrated to the world that the best plans and conspiracies of power hungry men are not always workable. The collapse in the Euro has clearly shown to the world that the idea of a federalized Europe is failing. The negotiations with Greece have revealed the dictatorial power behind the Euro whereas there is no voluntary confederation but a central autocratic tyranny.

During the negotiations with Greece, Wolfgang Schäuble took a hard stand against the Greek Prime Minister Alexis Tsipras and basically hated Yanis Varoufakis, Greece's minister of finance, because he dared to lecture them on the failure of the Euro. Varoufakis refused to wear a tie showing he was on the side of the people. After throwing Varoufakis effectively out of the meeting, Schäuble delivered an ultimatum that Greece must accept their terms which it had previously rejected. With Varoufakis effectively kicked out, Tsipras caved-in to the demands that prevented a withdrawal of Greece from the Euroland in the short term. The political show made headlines that were spun by the press to portray that the invincible Euro would prevail. But this did not change the reality or the long-term demise of the currency.

Yanis Varoufakis, Greek Finance Minister

These negotiations in truth revealed the strategic poker–hand Schäuble was really playing. There was no voluntary **monetary union**; the Eurozone had been exposed to be nothing of the sort. The Euro was not money, or a **monetary union**, but it was a currency of a **fixed monetary system** that was a new Federal State of Europe. Only benefits Germany selling goods inside Europe without currency risk.

A **fixed monetary system** is applied very much as children were raised under Soviet Communism. They were told that the "state" was their parent, not their biological parents and thus the state came before everything. The Euro ceased even in front of the curtain to be a voluntary **monetary union** with a new currency regime, which lasts only as long as that government can survive. This differs greatly from a monetary union where the collapse of one does not bring down the whole.

British Monetary System Pre- & Post World War I & II

George V Gold Sovereign (1911-1925)
0.2354 troy oz (22mm)
*Note: Sovereigns stopped being regularly issued in 1917 but resumed briefly for 1925 and the the Gold Standard was Abandoned However, gold was issued in Australian until 1930 & South Africa until 1932

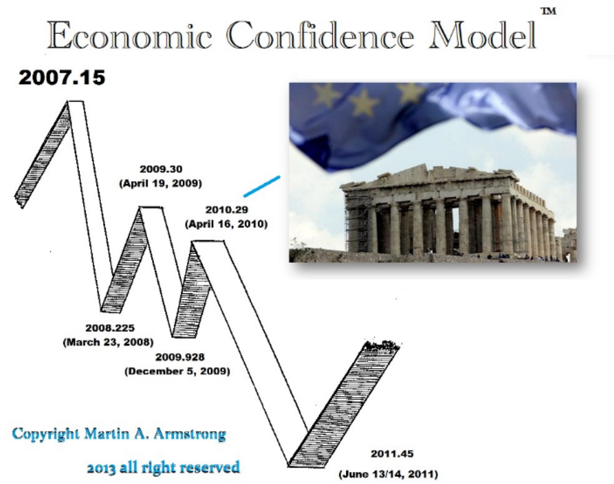
Elizabeth II Gold Sovereign (1957-1968)
0.2354 troy oz (22mm)
*Note: Britain ceased issuing gold for circulation when the the Britain Woods system moved to a two-tier system in 1968

The gold standard pre–1930s, collapsed with World War I and then again under the pressure of deflation of the thirties. The deflation of the Great Depression was largely because of a massive sovereign debt crisis, which was set in motion by Britain attempting to return to the pre–war gold standard of pre–war with a seriously overvalued currency in 1925. A strong currency promotes **DEFLATION** (assets decline, currency rises in value), which ultimately resulted in the collapse of the British pound gold standard within the same year. The British ceased issuing gold sovereigns between 1925 and 1957 for one Pi Cycle of 31.4 years as a result of overvaluing the pound.

The Euro was intended to operate like the gold standard. They deliberately tried to increase the trade and economic difficulties of those who did not join to encourage them to covertly surrender their sovereignty to Brussels. Margaret Thatcher knew the plan well and publicly stated that ***"[a] single currency is about the politics of Europe. It is about a federal Europe by the back door"*** (November 22nd, 1990). Indeed, Thatcher saved Britain and stood-up against the tyranny she saw was behind the single currency.

Greece is just one example of how a nation's sovereignty was surrendered. This was effectively no different from the **Gunboat Diplomacy** of the 19th Century. Of course Teddy Roosevelt used this policy in the early 20th century as well. Effectively, it was the conspicuous displays of naval power implied a direct threat of warfare, should terms not be agreeable to the superior force. One of the earliest uses of **Gunboat Diplomacy** was the British blockade of Greece until they agreed to British terms on January 22, 1850, when Admiral Sir William Parker reported that all Greek vessels had been detained.

If one simply looks closer, Italy's economy has declined in economic growth as a direct result of joining the Euro. Indeed, Southern Europe has witnessed a decline in economic growth. Their debts were converted to the Euro which then doubled from 2000 to 2008 from 82 cents to the US dollar to $1.60 to the Euro. The debt payments acted like a massive strip mining operation by sucking the national wealth of these countries as a price for joining the Euro. Any reasonable person would question whether the Euro is still the correct monetary system.



Thatcher was correct. The introduction of the Euro was by no means a confederation of common interests that retained sovereignty and culture, but the federalization of Europe whereby members surrendered their sovereignty to Brussels. The operation of the Euro and the very idea of forgiving debts was rejected regarding Greece. This was the same under the gold standard where whoever got into trouble in the gold standard, had to save and contract their economy to repay any loan.

The most famous of all monetary systems of recent vintage was, of course, the Bretton Woods gold standard of post–World War II that collapsed in 1971. Under this system, there was a common currency that was **representative** as being backed by gold, which was the US dollar. Here, national currencies were fixed to the dollar price of gold and set at $35 per ounce. Therefore, the Euro replaced individual national currencies, which was a covert form of fixing one's currency under Bretton Woods. Economically, however, it did not appear to matter if you fixed a national currency to a monetary system with a single currency or whether each retained its currency. This loose idea has proven to be incorrect for it becomes impossible to devalue your currency against the common monetary system for that sovereignty has been surrendered. It then becomes more akin to **Gunboat Diplomacy;** you comply with the demand of Brussels or exit and have to reissue your own currency and all free trade is then cut off. In the case of Greece, the people have been oppressed because the argument is they import food which would then rise in price dramatically.

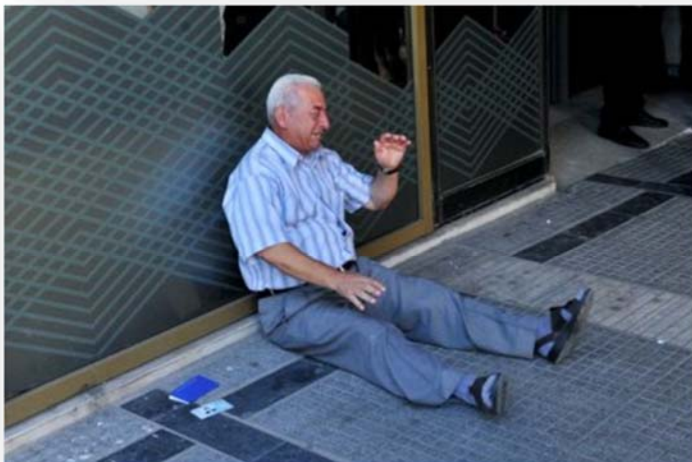
Schäuble had articulated when he campaigned for Greece to be admitted into the Euro that the individual states would remain sovereign within this system because they would retain their own debt. This implied that a state would simply leave the system if they faltered. This structural promise has proven to be completely false. Brussels realizes that the Euro is not working and to allow one member to leave may lead to others departing and then Brussels will collapse. Germany would lose its trade advantage of eliminating FOREX risk in trade but Brussels would lose all bureaucratic jobs.

Yanis Varoufakis, Greece's former minister of finance, an economist who had been teaching at the University of Texas at Austin, abruptly entered Greek politics and became the face of the country's defiant negotiations with European leaders. Varoufakis was known for wearing a t–shirt, riding motorcycles, and sitting on the floor in Parliament. When showing up at meetings with the EU, he went in without carrying tons of papers as others do who have probably never read what they carry in anyway.

Yanis Varoufakis - Alexis Tsipras
minister of finance - 185th Prime Minister

Following the Greek referendum when the people voted "no" to extra austerity demanded by the Troika, Varoufakis was certain that Greek politicians would ultimately accept more sanctions than he could reasonably agree. Knowing that his country would be crushed, he resigned as minister of finance. Speaking to a former board member of the IMF, the inside story was that the European leaders hated Varoufakis' guts because he had the audacity to tell them the truth that the Euro was doomed. The European leaders despised him because, as they saw it, he dared to lecture them on economics.

Alexis Tsipras of the Syriza Party, 185th Prime Minister, lost all faith in Varoufakis actually agreeing with the European leaders and wanted him out of the government because he too did not understand the lecturing for career politicians never understand no matter what country we are talking about. Varoufakis remained hostile toward the Troika and to a large extend saw in this confrontation Greece's long history of resistance to external aggressors, which, the last time, dated back to its Revolution for Independence between 1821 and 1832 against the Ottoman Empire. Of course, they remember the German occupation of Greece as well so the confrontation with the EU led by the demands of Merkel also rang a bell from the past.



The Troika creditors had refused any agreement with Greece and Tsipras called the referendum. On June 28th, the European Central Bank (ECB) declined to increase the level of day-to-day credit available, under a program called **Emergency Liquidity Assistance**, to Greece's ailing private banks. The ECB deliberately crushed the Greeks to punish the people in an effort to force them to accept whatever terms the Troika demanded. This was the clear evidence that the structure of states retaining sovereignty was all bullshit.

The Troika was engaging in 19^{th} century **Gunboat Diplomacy** and deliberately tried to drain Greek banks who were almost out of cash. Greeks were wisely hoarding euros at home. This picture went viral showing an elderly man who collapsed in tears unable to get any money from his account to simply live. This was the real face of the Troika. It was all about them retaining power to pretend they were honouring the promises of Schäuble who had claimed the glory of the Euro would be that individual states would remain sovereign within this system because they would retain their own debt. Nobody understood that swapping old debt converting it to Euros when the Euro rose from 2000 into 2008 doubling in price, also doubled the debt of Greece in real international terms strip-mining its economy and its people.

Varoufakis had no choice and was forced to close the banks in what he called **"a tragic mechanism"** to restrict withdrawals. Greeks could not withdraw more than sixty euros a day from ATMs. The economy was imploding, which was the precise intended result of the Troika to compel compliance with their demands. The Greek economy imploded further, yet there was a loophole; it was still possible to make unlimited electronic transfers within Greece. Determined to empty bank accounts for fear that deposits would be devalued or lost, Greeks paid their bills. Varoufakis spoke of "huge" sums flowing into the tax office as people simply tried to spend the money before they thought it might become worthless. Uncertainty prevailed.

Unknown to most, the Greek government had actually made contingency plans for a temporary alternative currency, in the form of electronic IOUs. On June 30th, Greece missed a payment to the IMF and the Troika threatened that the **European Financial Stability Facility** had the option of asking for immediate repayment of EU funds.

The EU really screwed Greece royally. The loans given to Greece as part of the bailout should **NEVER** have been accepted from the Troika to save the Euro, which was really the **ONLY** reason they were given in the first place. In reality,

these loans are actually **foreign treaties** with other governments. The Troika also cleverly anticipated a Greek exit and expressly stated that these pretend "loans" cannot be redenominated. Greece was further screwed, as all other members, by the fact that its previous debt was not simply converted to Euro, but it was usurped under foreign law dictated by Brussels. Additionally, there are also cross-default complications with the official sector as part of the co-financing agreement.

The Greeks will be subjected to a ruthless direct tax extortion of its people on virtually a house to house basis. The Troika has, as of January 1st, 2016, imposed upon **ALL GREEKS** that they must now report their personal cash holdings, whatever jewellery they possess, and the contents of their storage facilities under penalty of criminal prosecution. The dictatorship of the Troika has demanded that Greeks will be the first to have to report **all personal assets**. Why the Greek government has **NOT** exited the Eurozone is just insanity. The Greek government has betrayed its own people to Brussels. The Troika will shake every Greek upside down until they rob every personal asset they have to pay themselves.

Greeks are just the first test case. All Greeks must declare cash over €15,000, jewellery worth more than €30,000 euros and the contents of their storage lockers/facilities. This is a decree of the Department of Justice and the Ministry of Finance meaning if you do not comply, it will become criminal.

The Troika is out of its mind. They are destroying Europe and this is the very type of action by governments that has resulted in revolutions. Clearly, the

Greek government has betrayed its own people and they are placing at risk the viability of Europe as a whole to even survive as an economic union. The Troika is **UNELECTED** and does **NOT** have to answer to the people of Europe. It has converted a democratic system into the Soviet Union of Europe. The Greek people are being stripped of their assets for the corruption of politicians.

Further complicating the issue, the Troika, under the pretence of the EU, is using the Muslim invasion and Paris attack as a means to achieve its dream of federalizing Europe to create a European Army answerable only to Brussels. This has been the agenda all along. The Troika are already creating a special ***"Rapid Forces Division"*** with German and Dutch troops. This will in fact allow the Troika to actually threaten military force completing the **Gunboat Diplomacy** scenario. While this may sound extreme, you must also look at the chains that are binding Greece, which they will not publicly admit for it probably would result in revolution.

The undisclosed chains binding Greece are the behind the curtain threats. The failure to meet obligations owed to the Troika would **not** lead to a default and write-off of part of the debt stock in the classic way debts have been resolved historically. Instead, these liabilities owed to the Troika would **not be forgiven** and they would continue to run penalties and interest. The Troika would

Unelected Troika

Christine Lagarde Head of IMF | **Jean-Claude Juncker** EU President | **Mario Draghi** Head of ECB

curtail Greeks under the **Swift System** as the West did to Iran. They threatened the Vatican unless they complied and reported every wire in and out with the parties involved. Christine Lagarde of the IMF has directly threatened tax havens with being ousted from the **Swift System** unless they shut down. The same threat hangs over the head of Greece unless they pay off the Troika, Greece would never be able to tap financial markets again. However, the Troika may even be punitive to obstruct all transfers in and out of Greece. This will lead to litigation the Greeks will never win for the courts of the EU will be rigged to support the Troika.

All Eurozone members should pay close attention to Greece and how the Troika has been treating them. This is the test run. Everyone else will be treated the same. Just how much longer can the EU remain together under such an un-democratic system? The demands that the Greek people now report all personal assets outside of banks is insane. The Troika is becoming a ruthless unelected dictatorship that the people of Europe have no ability to change. The Troika is a 3-part commission that is charged with monitoring the Euro debt crisis. They are also responsible for making recommendations on policy to help solve the Euro debt crisis, so they wield a tremendous dictatorial power. The Troika is currently made up of the IMF, the European Commission (EC), and the European Central Bank (ECB), none of which are elected. Mario Draghi, head of ECB, is even ex-Goldman Sachs and structured Greece's debt to falsely reduce it to meet the criteria to enter the Euro.

Threats to isolate Greece within the world economy are ruthless for they also say they would prevent any drachma from being traded globally. Such sanctions would most likely impact the Greek private sector as well for the Troika would deliberately prevent them from being able to conduct business internationally using letters of credit provided by any Greek institution. The threat implies the intentional attempt to collapse the Greek economy, which is plain and simple **Gunboat Diplomacy**.

The idea that any Greek currency would likely have very limited convertibility into other currencies is a hallow threat. A Greek currency might have the opposite effect and attract capital fleeing from the Eurozone. The Troika is highly likely to cause a European civil war or World War III starting in Europe between 2017 and 2020. Likewise, the threat that Greeks themselves would still hoard Euros and not drachma fails to realize that confidence in the Euro itself is collapsing. The drachma might trade at a premium to the Euro given the chaos within the Eurozone.

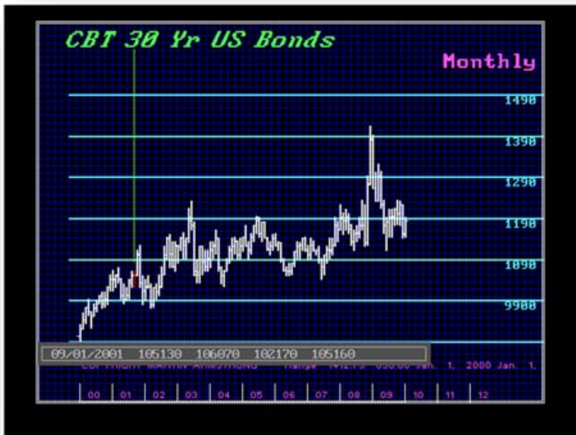
Alexis Tsipras of the Syriza Party has given Greeks no palpable relief since taking power. It appeared, on the surface, that Tsipras in late 2015 won the election with his party's positions still holding popular support. I myself flew to Greece for the elections and found the reasoning behind Tsipras' victory very hallow indeed. The snap election of September 20th, 2015 was called after Tsipras lost his majority in August. Some of his MPs who had opposed the new bailout conditions split to form a new party, but it failed to get into parliament. The turnout was very low and Tsipras' support as a percent of the total population fell below 25%. Varoufakis himself even asked: ***"What the hell is going on?"*** After talking to people on the street in Athens, what became clear was that they simply became fatigued. The standard reply was that they lost all confidence in politicians and said they are all so corrupt, that it really does not matter who is in power any more.

Indeed, Greece is simply a petri dish for politics everywhere. During the fall of 2009, George Papandreou, the leader of PASOK, the traditional party of the center-left, became Prime Minister. Konstantinos Simitis (born 1936), commonly known as Costas Simitis, was a Greek politician serving as Prime Minister of Greece who, more than anyone, sank the nation in a sea of debt. He was the leader of the Panhellenic Socialist Movement (PASOK) from 1996 to 2004. Costas' father was a professor at the School of Economic and Commercial Sciences. Costas was a lawyer who studied Law at the University of Marburg in Germany and economics at the London School of Economics. His extreme socialistic ideas seem to lead such people down the path of doing whatever it takes to sustain their philosophy even when it is failing. During his tenure, Greece borrowed recklessly from Germany and France, and his political pressure at home transformed the domestic bankers into also a reckless breed.

Papandreou's government announced that the previous administration of Costas' Panhellenic Socialist Movement had published a wildly inaccurate estimate of that year's likely deficit. Instead of 6% of gross domestic product (GDP), the annual deficit would be an alarming 12.5%. The EU Treaty defines an excessive budget deficit as one greater than 3% of GDP. Public debt is considered excessive under the treaty if it exceeds 60% of GDP without diminishing at an adequate rate (defined as a decrease of the excess debt by 5% per year on average over three years). Countries that fail to respect these rules may ultimately face sanctions and fined up to 0.2% of GDP, which can rise to 0.5% if they repeatedly fail to abide by the **"corrective"** rules. This only applies to those nations using the Euro, so Britain is exempted.

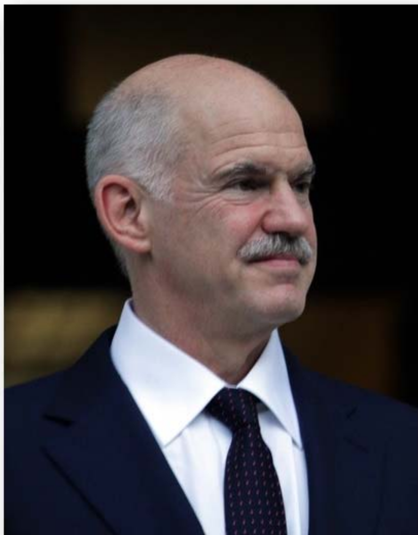
Greece, as virtually all of Southern Europe, was known to have severe tax evasion, political corruption and, in some respects, oligarchic habits. The country's credit rating plummeted along with its reputation for statistical candour when Papandreou revealed what the Panhellenic Socialist Movement under Costas Simitis had done. Costas was followed by Konstantinos Alexandrou Karamanlis (born 1956), commonly known as Kostas Karamanlis, who served as Prime Minister of Greece from 2004 to 2009. Karamanlis was also president of the centre-right New Democracy and continued to hide the debt with the help of Goldman Sachs.

Greece joined the Euro in 2001 under Costas Simitis. At the time, Greece owed about €3.4 billion euros it had borrowed. Goldman engineered a currency swap whereby the Greek debt, issued in dollars and yen, was exchanged for euros that were priced at a **"historical"** or entirely fictitious currency rate. Of course, swapping dollar and yen debt at nearly the



low of 2000 when the euro was only 82 cents to the dollar became a nightmare. Greece's debt doubled in real terms as the euro then rose to $1.60 by 2008. Obviously, Goldman offered no advice but structured a deal that only benefited itself by directing Greece to sell the dollar at the low. Goldman also set up an off-market interest-rate swap to repay the loan off the books, which was a currency position and therefore not technically a **"loan"** outside any reporting requirement as debt. The trade kept this part of the Greek debt off the books and cleverly hidden from scrutiny. This falsely created the idea that the Greek debt was moving in the right direction to meet the Maastricht rules eventually. Goldman overpriced the deal to such an extent that 12% of their $6.35 billion in trading and investment revenue for 2001 came from restructuring Greece. In total, they pocketed a premium fee of $300 million. Goldman also warned, as they typically do, Goldman would cancel the offer that if Greece shopped the deal around for a better price. Goldman further demanded that Greece pledge landing fees from Greek airports and revenue from the national lottery as part of the transaction to secure their own profits strip-mining Greece.

Within just three months of signing the deal, the bond markets took a major swing following the September 11 attack in New York during 2001. Furthermore, the dollar declined and the Euro soared. Greek officials began to realize that the deal was not going well in the least. The Greek national debt nearly doubled in size, and in real terms (currency adjusted), the debt would double by 2008 just in Euro terms nominally. Greece faced another financial crisis in 2005, which few understood. Goldman Sachs "restructured" the deal once again, but this time they were selling the interest rate swap to the National Bank of Greece under the new government that came to power in 2004 under Karamanlis. This increased the debt even further stretching–out the payments beyond 2032. Goldman managed to extract $500 million from the Greeks, according to numerous press stories (Indepentent Friday 10 July 2015; Greek debt crisis: Goldman Sachs could be sued for helping hide debts when it joined euro).



Georgios Andreas Papandreou
(born 1952) Prime Minister of Greece 2009-2011

George Papandreou's government came to power in 2009 under the Panhellenic Socialist Movement (PASOK) party and blew the lid off the Goldman manipulations. It was clear that while Costas Simitis was of the same party (PASOK), who was succeeded by centre–right New Democracy party led by Karamanlis, the Goldman deal was struck by Simitis yet Karamanlis authorized the 2005 restructuring. Such arrangements would have continued were it not for Papandreou who was the first to start putting his country before the pretence created by Goldman. Papandreou tripled the country's deficit estimates after reassessing what the two previous administrations had done with Goldman. The European Union responded by tightening its accounting rules.

Gary D. Cohn
(born 1960)
President Goldman Sachs 2006-

Goldman didn't even blink and went to Athens to try to sell another deal. Goldman Sachs' president Gary Cohn personally travelled there and offered to finance the country's health care system debt, pushing that debt even further into the future. Goldman not merely made huge fees, it even allegedly placed a bet on the economy of Greece that it would fail based upon its inside information. Goldman is known as Government Sachs and has been apparently beyond the reach of any law anywhere. Papandreou wisely declined Goldman's 2009 deal and this is when he blew the lid off of what Goldman had done to his country.


Jaber George Jabbour

A former Goldman Sachs employee Jaber George Jabbour, who previously designed swaps at Goldman, wrote a letter to the Greek government, saying that his former employer charged ***"unreasonable"*** fees on the Greek deals, and advised that the government could ***"right historical wrongs"*** and reduce its debt by moving to claw back some of Goldman's gains. Part of the problem has been that Germany also engaged in ***"creative accounting"*** in the aftermath of the 2008 financial collapse. The derivative deals between Italy and JP Morgan in the mid-1990s which were similar manipulations. The politicians knew full well what they were doing. The bullishness to promote the Euro at all costs has also contributed to those in power turning a blind eye to these type of financial shenanigans, that Goldman has exploited.

Varoufakis was simply outraged by the mess. He advocated correctly that Greece should default on the banks. Varoufakis said bluntly that Greece was ***"insolvent, and we have to embrace our insolvency."*** The Greek government raised taxes, froze wages, and cut pensions. The economic argument for austerity turned the screws on the Greek people to pay for all these shenanigans. The people have been sacrificed to support the bankers and investors who were behind these manipulations. Displays of such financial discipline risk revolution and massive civil unrest. Greece cannot borrow at affordable rates to even make austerity work.

In April, 2010, Papandreou declared the Greek economy to be **"a sinking ship"** in need of international aid. Two weeks later, a hundred thousand anti–austerity protesters descended on Syntagma Square. Three people died when a petrol bomb was thrown into a nearby bank.

That May, the Troika institutions agreed to lend Greece a €110 billion with Germany's direct contribution exceeding €20 billion. That bailout, and a subsequent additional loan of a €130 billion, had strings attached whereby Greece had to privatize state assets, such as Athens's port and reform institutions and practices perceived to be inefficient, including its health–care and welfare systems in ways likely to result in large scale terminations. The Troika merely joined the party Goldman Sachs began strip–mining the Greek people for the corruption of politicians.

Additionally, the Greek budget was to be adjusted with further stiff tax increases and spending cuts that demanded that the national government income significantly exceeded its spending excluding repayment to the Troika. Since the economy was contracting, the demands pushed by Germany were totally unreasonable and would act as simply a further strip–mining operation of its people adding to the pain of what Goldman had extracted.

The bailouts turned national debt into private debt imposed upon all Greek citizens to pay for the huge losses as a direct result of the Goldman deals. The Troika loans imposed draconian measures whereby Greece surrendered its sovereignty to the Troika with provisions that dictated everyday spending decisions of the Greek government and crushed all hopes of an economic recovery. Varoufakis himself described the Troika's terms as punitive, equating them to the Versailles Treaty which laid the foundation for Hitler to rise in Germany. This time, he argued, Germany was the oppressor and Greece was the victim. The future of the youth was utterly destroyed as unemployment exceeded 60%.

Dimitris Christoulas
(1935 - 2012)

On April, 4th 2012, Dimitris Christoulas (1935–2012), a retired pharmacist living on a meagre pension, committed suicide by shooting himself next to a cypress tree in the main Syntagma Square. Christoulas left a note describing the Greek administration as ***"a Tsolakoglou government,"*** which was a reference to the puppet Prime Minister during Greece's Nazi occupation. Christoulas's death became a focus of national rage, and rightly so, for it illustrated the ruthless and unreasonable oppression of the Greek people. The Troika crushed the Greek pensioners who had worked their whole lives were crushed by the Troika without blinking an eye. The cypress tree became plastered with staples from generations of political flyers.

Varoufakis sought to lecture the Troika but they would not have any such words. He bluntly told them there were ***"waterboarding"*** the Greek people. There was no negotiation since the Troika was out to crush the Greeks at all costs to sustain their own power. Additionally, they are not accountable to anyone since they do not stand for election before the people. If the Greeks won the negotiation or exited Euroland, the Troika knew others would follow. It was really about the survivability of the Euro and retaining jobs in Brussels, it was never about **NEVER** the Greek people. For Varoufakis, his power was beyond the reach of the Troika for he was not interested in a political career. It was more about saving his country.

The problem for the Greeks was that their debt was not big enough nor was their economy. The Troika assumed they would survive a default in any direction. The difference between owing $1 million and $500 million is the larger the debt the more power one has to negotiate. Varoufakis understood that and he told the Troika that his country objected to the terms of their agreements. This filled the press with the idea that Greece might default leading to a **"GREXIT"** from the Euro. Perhaps what he did not appreciate, which Brussel's did, was that a **GREXIT** would indeed encourage others to exit and that would undermine the Euro. The Troika hated Varoufakis and demonized him in the press. For a brief shining moment, he lifted Greek hearts and made them proud. Yet he infuriated Northern European politicians and the press who print whatever the Troika demands.

Varoufakis knew that he was really negotiating for the right to negotiate, which was something the Troika did not want to allow. Where Greece was powerless had been overlooked by everyone. The central position of the Euro was that all member states actually surrendered their dignity and sovereignty to Brussels. The ECB was in control, not the central bank of any individual member state no less Greece.

In Berlin, Schäuble publicly stated that his position with Varoufakis: ***"We agreed to disagree."***

The Euro primarily benefits Germany. They get to sell their manufactured goods to all of Europe without currency fluctuation, and can ensure that member states do not devalue to escape their debt. Ever since 2010, Greece's economic fate was really determined by Schäuble representing Europe's largest economy – Germany.

German Communist Revolution November 9th, 1918
forced Emperor Wilhelm II to abdicate

The oppression of Merkel and Schäuble has created tremendous discontent in Greece and resulted in bad memories of the Second World War. Protests in Greece took place with Greeks dressing up as Nazis. The German perceptions of Greeks has been a group of uncontrolled spendthrifts. The

Troika were really tearing the world economy apart, unwilling to realize the degree of their failure in designing the Euro from the outset. Their approach to impose austerity upon Europe was due to a classic misunderstanding of the 1923 German hyperinflation which they assumed it was caused by simply increasing money supply, meant that Germany was fixated on austerity to solve a continental crisis which was, in reality, exporting it to the entire global economy.

What Germany has never understood was that its hyperinflation unfolded **NOT** because of increasing the money supply, which was merely the effect and not the cause, but because the Weimar Republic was a communist revolution of 1918 where they even invited Russia to come take Germany following their 1917 Revolution and **DEFAULTED** on all national debt of the former government.

The German 1918 Revolution was a politically driven civil conflict in Germany at the end of World War I, which resulted in the replacement of Germany's imperial government with a Weimar Republic. The revolutionary period lasted from November 9th, 1918, until the formal establishment of the **Weimar Republic** in August 1919.

Emperor Wilhelm II (1859-1941)
King of Prussia, ruling the German Empire
(June 15th, 1888 to November 9th, 1918)

The roots of the revolution lie in the German Empire's demise in the First World War. The Naval Command, which, in the face certain defeat, nevertheless insisted on engaging in a last battle with the British Royal Navy. The German sailors revolted for it made no sense to die. The Wilhelmshaven mutiny erupted and the spirit of rebellion spread across the country. This broke out with a proclamation of a new republic on November 9th, 1918 forcing Emperor Wilhelm II to abdicate.

Nonetheless, keep in mind that the Russian Revolution was 1917. Consequently, the German revolutionaries were certainly inspired by the emerging communist ideas. However, the German communists failed in their effort to hand power to soviets as the Bolsheviks had done in Russia. In Germany, it was the Social Democratic Party of Germany (SPD) leadership that refused to work with communists who supported the Bolsheviks. Moreover, the SPD feared that an all–out civil war would erupt in Germany between the communists and the German conservatives. Hence, the SPD struck a middle ground and did not plan to completely strip the old imperial elites of their power and assets. The SPD sought a compromise whereby they were integrated into the new social democratic system. The left wing fell into political fragmentation that prevented Germany from turning communist at the time. The Weimar Constitution was adopted on August 11th, 1919. It was this government that moved into hyperinflation, not the old Imperial government.

Consequently, this was a revolutionary government. All economic activity stopped. The wealthy were scared to death. They saw the bloodshed in Russia in 1917. Capital hoarded and the velocity of money imploded. So pointing to the German hyperinflation and then saying we will enter the same result simply because of an increase in money supply under QE, is like saying carrots are deadly because everyone who has ever eaten one eventually dies. Mixing up the cause and effect is a chronic problem of people who think they are analysts but are searching for evidence of a predetermined result.

The German hyperinflation took place because of a debt default so everyone who held government bonds got nothing. This destroyed confidence and led to people hoarding everything from precious metals to fine art. There were no lenders to the government under these circumstances. There were no bond markets. There was absolutely nothing. Nobody would dare lend anything for the fear was Germany would go the way of Russia. This was the cause of the hyperinflation – a complete collapse in public confidence.

German 50 Rentenmark (1925 issue)

Our major risk with currency has always been that everything falls apart and we descend into trade and currency wars as politicians once again try to cling to power rather than reform. When the hyperinflation forced the collapse of the revolutionary government, the tangible asset used to bank a new currency was real estate – they had no gold. This is what backed the Rentenmark in 1925. Tangible assets become the only means to restore confidence after reckless politicians blow everything apart.

Schäuble stated the German position based upon this misunderstanding of the German hyperinflation. His focus was purely on the quantity of money rather than debt default. He stated clearly, ***"In Europe, we have good reason not to provide financial assistance without demanding something in return."*** He completely ignored the fact that after World War II, western nations forgave the debts of Germany which allowed the economy to recover. Schäuble and Merkel absolutely refused to consider the same debt forgiveness for Greece. It was the reparation payments and the oppression of Germany following World War I that inspired the rise of Hitler in response to the demands for repayment upon Germany. Even John Maynard Keynes wrote a book entitled ***The Economic Consequences of the Peace*** (1919), in which he warned against the oppression of the German people.

The practice of economics, unfortunately, has never been free for the benefit of the people. Since Karl Marx, economics has been about the state politically manipulating the people for its own self-interest. Of course, Marx tried to pretend it was to make everything fair and equitable. By simply taking the wealth from the upper classes and handing it to the most dangerous of all classes, political, which also possess the army and tanks. Marx destroyed the right to be free and enslaved society to government. Economics has degenerated into a contest of theories on a battlefield where the people are merely the **Pawn of Finance and War**. Economics became the justification for more and more power rather than the impartial theory of an atheist theologian. The state view is always to suppress freedom to maintain a state of tranquillity, but this historically has proven to be only the calm as a prelude to the storm. Such oppression always leads to revolution.

While the headlines will reflect a currency crisis, beneath the headlines lie a banking crisis as well as a **Sovereign Debt Crisis** for Europe. There have been proposals that suggest the ECB and the EU should press the banks that are holding bonds of struggling Eurozone countries to forgive much of this debt. They then propose that Europe could issue its own bonds and then fund any economic stimulus. Yet none of these ideas eliminate the debt. This is simply giving someone on their deathbed morphine to ease the pain while they await death. The question nobody asks is why do countries constantly borrow with no ability to ever pay back the debts they create? If we eliminating government borrowing, then savings will work differently and can be invested in the private sector to create jobs and expanding the economy which would raise the living standard for one and all.

These bailouts from Brussels controlled by the Troika are really a coup d'état stripping member states of their sovereignty. The Greek referendum that dared the Troika to punish Greece was betrayed by Tsipras and Syriza. The Troika could really do nothing to Greece without undermining the Euro. The future is very much being dictated by the shenanigans of the Troika, who is setting the stage for a global contagion that will send the dollar to all–time record highs. This may indeed be the end of Western civilization as we have known it.

The Refugee Crisis

The Refugee Crisis in Europe is probably the final straw. It is tearing the continent apart and the politicians refuse to admit this was a mistake. About 80% of the "refugees" are not even from Syria. The total lack of control and of proper screening has introduced tremendous risks to Europe, which are still filtering out to other nations. There is a serious question that Europe could become a stepping–stone to the USA for terrorists.

The latest proposal is to force member states to accept refugees. Brussels wants to impose a fine of 250,000 euros per person they refuse to take. If ever there was an incentive to leave the EU, the politicians have just created one.

The likelihood of closing borders and a further decline cannot be ignored. If Britain exists the situation in June, there will be an uprising that emerges around Europe. There is no consideration to simply expel refugees upon arrival and to reverse the federalization process. Europe must lower taxation to create jobs since unemployment of the youth in Southern Europe has exceeded 60%.

This will not end nicely. This issue along can be extremely bearish for the Euro overall.

THE CASH US$ INDEX

A Technical Outlook For

Our long–term view at this time recognizes that the current bullish trend in the cash US$ INDEX may not reach a conclusion before 2018. The likelihood of a major monetary crisis unfolding will be quite high. However, to create such a crisis only unfolds with a dollar rally. If the dollar declines, then corporation profits rise and this will not further any type of economic reform. Moreover, given the extent of emerging market debt issued in dollars, the only way to further that crisis is a rising dollar, not a declining one.

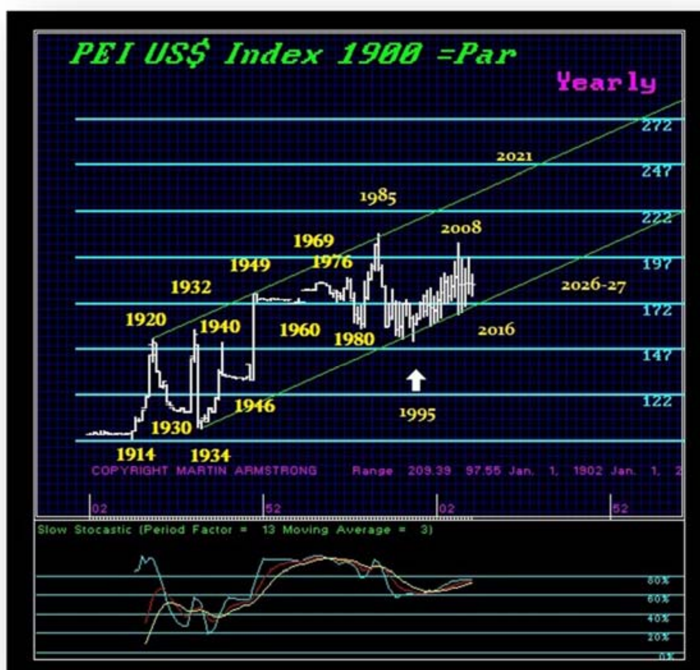
Additionally, the dollar rises during economic declines and trades lower during economic booms. Why? If assets are rising, then the dollar buys less assets since we are in a period of a bull market. It is always during an economic decline when people sell assets and seek to move to cash that the purchasing power of the currency rises.

We can see this trend toward a strong dollar unfolds during economic declines. Here is a chart of the Dow Jones Industrial Index during the Great Depression. Note how the dollar rose in value –it did not decline. Those who keep calling for the collapse of the dollar, the stock market to plummet to 10 cents on the dollar,

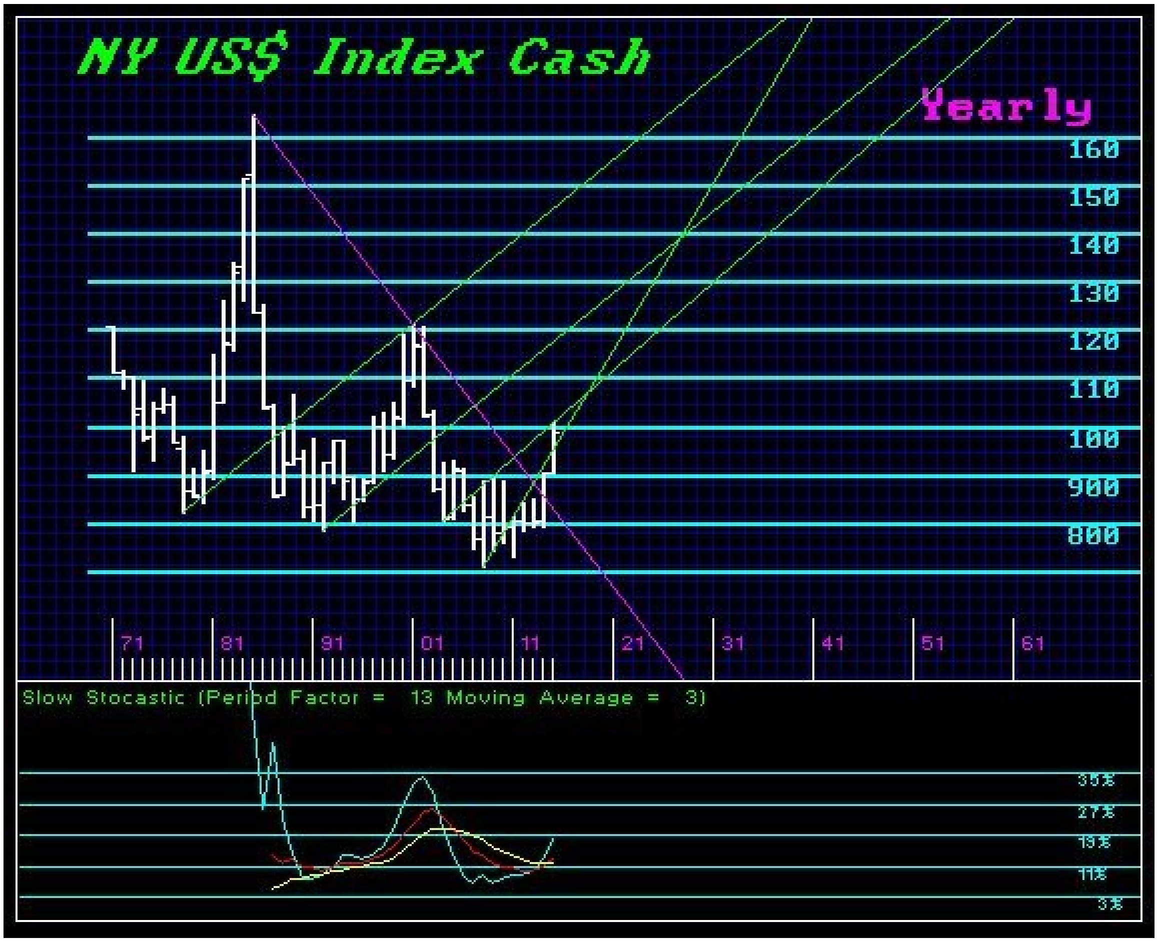
and gold to rise to $50,000, cannot point to any period in history where such a scenario materialized even once.

Such theories are rooted in their bias tied to metals and the Great Depression expect it to repeat time and time again. But the evidence just does not support them. Even during the German hyperinflation, tangible assets rose in value and included real estate and shares.

The last record high for the dollar came in 1985. We have yet to reach that level just yet. Nevertheless, this demonstrates that only a rising dollar will create the firestorm of political-economic change. It is ONLY when the dollar rises when we see monetary reform. The rally during the Great Depression produced the monetary reform whereby Roosevelt confiscated gold, cut its purchasing power by moving to a two-tier monetary system, and devalued the dollar express in gold domestically. The spike high in 1985 produced the Plaza Accord and the birth of the G5 (now G20). We only get monetary reform with a rise in the dollar.



YEARLY LEVEL



Our forecast for a dollar rally is critical to the outcome as a whole global financial future both economically as well as politically speaking. Obviously, there is a subtle pressure building behind a dollar rally between the failed policies in Europe to China's recent devaluation. A dollar rally will create global chaos and that is the key to political change. We have not yet felt the pain needed to create the major global shifts for the future. The **TIME** is not right. If you look at these markets from a connected basis, it becomes easier to see the trend. If you are familiar with charts, our Dollar Index back to 1900 shows that the dollar is still alive and well with a new spike high being within the realm of possibility. In the form of foreign USD denominated loans, there is about a $9 trillion in dollar short positions, a third being from emerging markets. Clients around the world have been calling us in for consultations, as usual, since the number one creator of havoc is currency. More than 75% of corporate losses have to do with currency.

While dollar bears speak about the USD being dethroned as the international reserve currency and bring about a dollar collapse, all of their predictions have crumbled to the ground. The latest was how China beginning to trade gold in yuan would cause the dollar to collapse and the COMEX to fail because people would trade "real" gold in China rather than "paper" gold in New York. The wilder their theories, the greater exposure to their lack of comprehension of how the world economy functions.

There are limited options for international capital with the Euro having an unsustainable structure. China has its own debt issues, but more importantly, its currency is not yet "freely" traded. Meanwhile the US economy has enjoyed strong growth since the Real Estate Crash in 2008. Job growth in the US has benefited from technology innovation in the oil and gas industry leading to a resurgence in US oil and gas production. While over half a million jobs were supported by oil and gas extraction as well as support services in 2014, more than twice the number a decade earlier and the most since 1987. That has begun to reverse with the decline in energy.


Bretton Woods Resort, New Hampshire

Meanwhile, another major source of job growth has been the healthcare industry, which of course is artificially supported by Obamacare. The US Labor Department expects healthcare and social assistance to have the largest share of total employment by 2024. This is unlikely from what we see given the fact this industry appears to have reached a major high. It is more likely to turn down beginning in 2017.

THE CASH US$ INDEX reached an intraday high at 100.25 established on December 2, 2015 forming a seven-year rally and a twelve year high. However, should new intraday highs develop beyond this target year 2016, then the final high could extend into as late as 2022 at the latest but probably more likely into 2018-2019. If last year's low of 90.33 is penetrated even intraday, then market inversion becomes possible a meaning 2019 will be a low. But that seems unlikely at this stage in the game. There is no question that the next monetary Crisis Cycle will hit in 2024/2025. Bretton Woods took place on July 1–22, 1944. The birth of Bretton woods actually is measured from the start of the IMF (International Monetary Fund) which came into formal existence in December 1945, when its first 29 member countries signed its Articles of Agreement. However, the IMF began operations actually on March 1, 1947 (1947.164). Later that year, France became the first country to borrow from the IMF. Measuring from that start date, this certainly warns of a crisis beginning in the 2018/2019-time frame moving into a major event 2024/2025. A major economic collapse of the reserve currency structure appears to be likely during 2024 if we can get past 2018-2019.

Bretton Woods Monetary Conference

On our Yearly Model, we have elected a Bullish Reversal from the 2008 low. Our next Yearly Bullish Reversal stands at 1032.20. We reached 1001.10 last year and closed 2015 at 98.63. During May, the dollar has fallen back to 91.92 wehich is five months down from the December high. Last year's low was 90.33 and as long as that holds, then the broader rally remains intact.

This year our indications on the Yearly level in THE CASH US$ INDEX, are bullish on both the short-term momentum and trend according to the system model. Intermediate indicators are in the bearish mode warning that the 119.07 and 99.71 are providing initial overhead target resistance to any rally this year. When we analyze the broader picture, Cyclical Strength indications are in a bullish position. But, the long-term momentum models are in a bearish mode right now. Contrary to momentum, long-term market trend remains bullish. Overall, this formation on our models is warning that the long-term trend is starting to shift. We must, therefore, watch the support area at 96.85. Should these begin to give way this year then the trend is clearly turning bearish. Likewise, 151.47 tends to highlight the resistance area which if exceeded, would suggest that a bullish trend may unfold. Additional support areas under the market lie at the 96.85, 88.46, 88.37, 84.10, 78.09 and 70.70 levels, while system resistance is standing at the 126.18 and 151.47 zone.

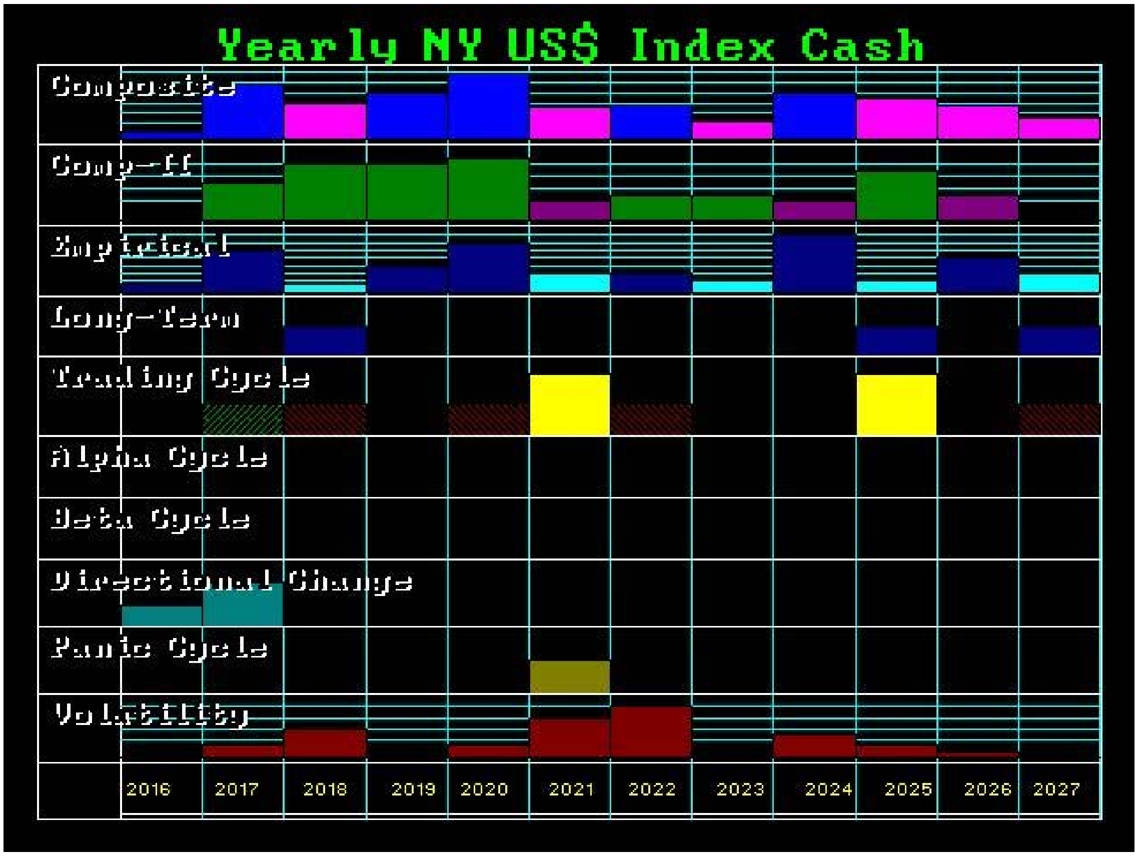
YEARLY REVERSAL SYSTEM

Employing the Reversal System, our Minor Yearly Bearish Reversals are found at 78.08, and 75.60. Consequently, only a yearly closing below 78.08 will signal that a sell-off is likely to continue from there in the short-term. Nonetheless, only a close below 75.60 will suggest a reversal in long-term trend.

Presently, our Reversal System indicates that the Major Yearly Bullish Reversals are 103.25, 119.10 and 164.80. Consequently, only a yearly closing above 103.25 will signal that an immediate uptrend should unfold thereafter.

Yearly Reversals
Major Bullish 103.25 119.10 164.80
Minor Bearish 7808 75.60

YEARLY TIMING



On our empirical models, if we exceed last year's highs, then we can see a continued rally into the 2017-2018 time period. Only penetrating the 2015 low would imply we will decline into the next target of 2017 with a reversal of trend into 2019-2020. Only electing a Yearly Bearish Reversal would warn of actually reversing the uptrend. We have Directional Changes in 2016 and 2017 warning this can be choppy. A failure to exceed the 2015 high of 100.51 during 2016 would raise the potential for a 2017 consolidation. If 2017 is a low or retest of support without making new highs, then expect to see a reaction in the opposite direction unfold on the next key cycle target leading into 2020. Thereafter, a re-test of support should develop 2021 which is the next minor target objective.

Therefore, In the event that the 2015 high of 100.51 is penetrated on an intraday basis in 2017, or the key Yearly Bullish Reversals are executed, then a serious rally is likely going into 2020 in line also with the War Cycle.

Using a composite of a variety of timing intervals, the key years for a turning point in the CASH US$ INDEX will be 2032 and 2033. That is most likely the major shift of power from the West to the East.

Our Directional Change models indicate that turning points are due the years of 2016 and 2017. Our Panic Cycle Models suggest that higher volatility is due the year of 2021. So expect near-term choppiness and a Panic after 2020 and the turn in the ECM.

Yearly Turning Points 2016, 2017, 2020, 2021-2022, 2024

YEARLY TECHNICAL OUTLOOK

RESISTANCE: 9902 10254 14642
SUPPORT: 8005

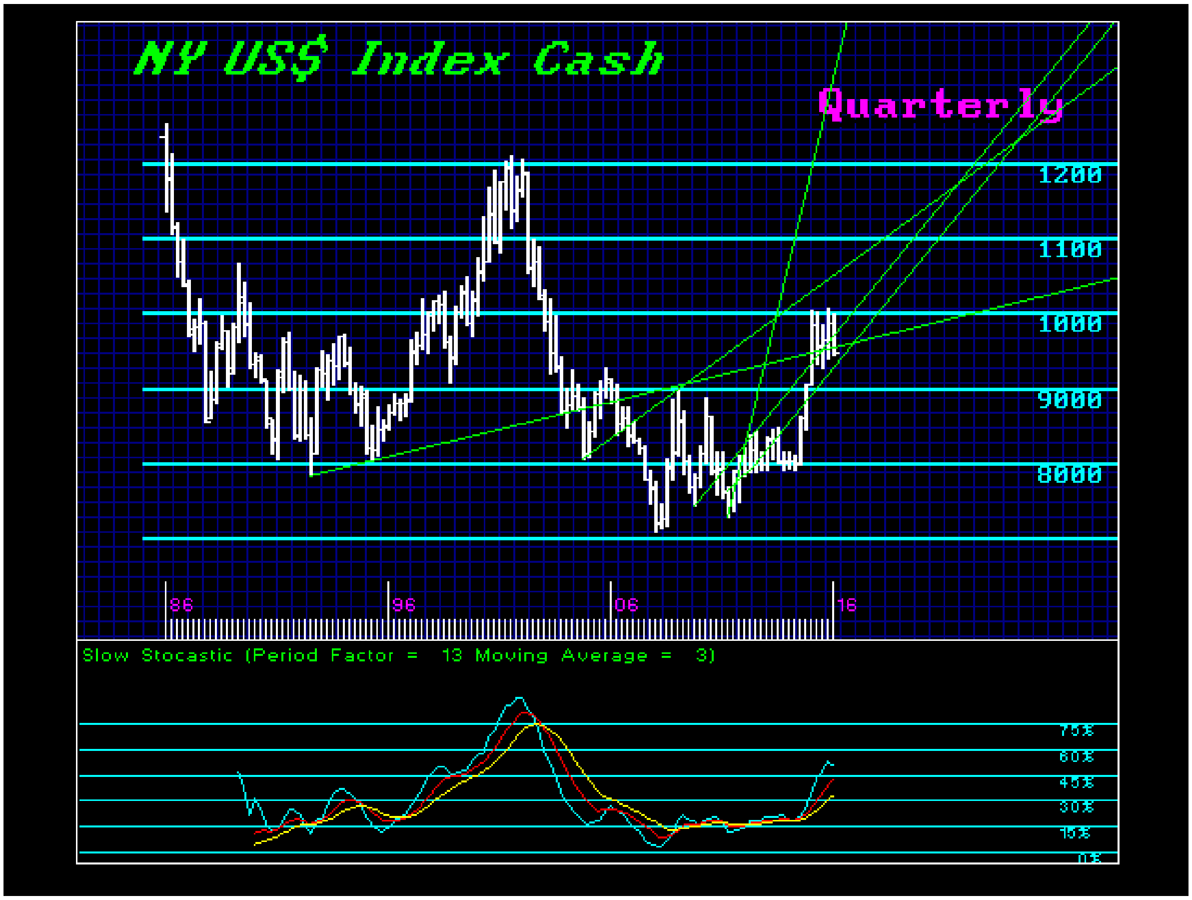
Yearly Technical Projections

2016...	8005	9902	10254	14642
2017...	7732	10256	10439	14812
2018...	7459	10610	10623	14981
2019...	7186	10964	10808	15150
2020...	6913	11318	10993	15320
2021...	6640	11672	11177	15489
2022...	6366	12026	11362	15658

Yearly Indicating Ranges

Date	Momentum	Trend	Long-Term
2016	8846-7070	9685-7809	9971-8410
2017	8962-7417	9710-7892	10809-8475
2018	8963-7563	9032-7890	10180-8005

QUARTERLY LEVEL



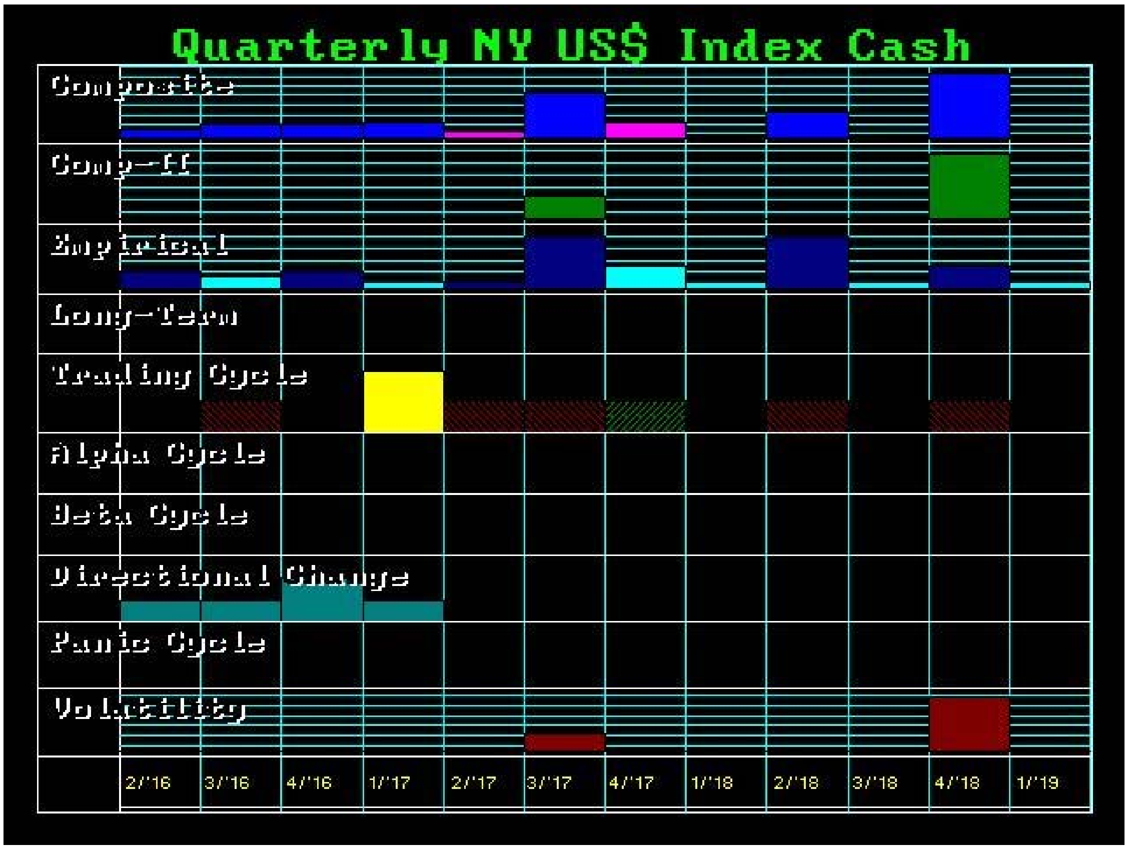
QUARTERLY REVERSAL SYSTEM

On the Reversal System, we find that the Minor Quarterly Bearish Reversals are found at 84465, 79265, 78920, 78325, 76600, 75265, and 74715 followed by 70700. Thereupon, only a quarterly closing below 84465 will signal that a downtrend is likely to continue from here near-term to test the broader support in the 79265 to 78325 level.

According to our Reversal System model, the Major Quarterly Bullish Reversals stand at 100795, 108750, 118750 and 119075. Accordingly, only a quarterly closing above 100795 will signal that an immediate uptrend should unfold thereafter.

Quarterly Reversals
Major Bullish 100795, 108750, 118750, 119075
Minor Bearish 84465, 79265, 78920, 78325, 76600, 75265, 74715, 70700

QUARTERLY TIMING



According to our empirical models, the ideal primary target for the next key cycle low on the quarterly level, remains 2nd quarter 2016 followed by 4th quarter 2016 And then the big target will be 3rd quarter 2017. We have a series of Directional Changes every quarter until the 1st quarter 2017. The 4th quarter will be rather important this year, but overall this appears to be rather choppy sailing ahead.

The main target will be the 3rd quarter 2017. Thereafter we look ahead at the 2nd quarter 2018 and the 4th quarter 2018 for the big targets.

Using a composite of a variety of timing intervals, the key quarters for a turning point in THE CASH US$ INDEX will be 4th quarter 2018 and 4th quarter 2021.

Our Directional Change models indicate that turning points are due the quarters of 04/2016, 07/2016, 10/2016 and 01/2017.

Quarterly Turning Points:
02/2016, 04/2016, 01/2017, 03/2017, 04/2018

QUARTERLY TECHNICAL OUTLOOK

RESISTANCE: 95750 97641 105379
SUPPORT: 94254 49017 9408

Quarterly Technical Projections

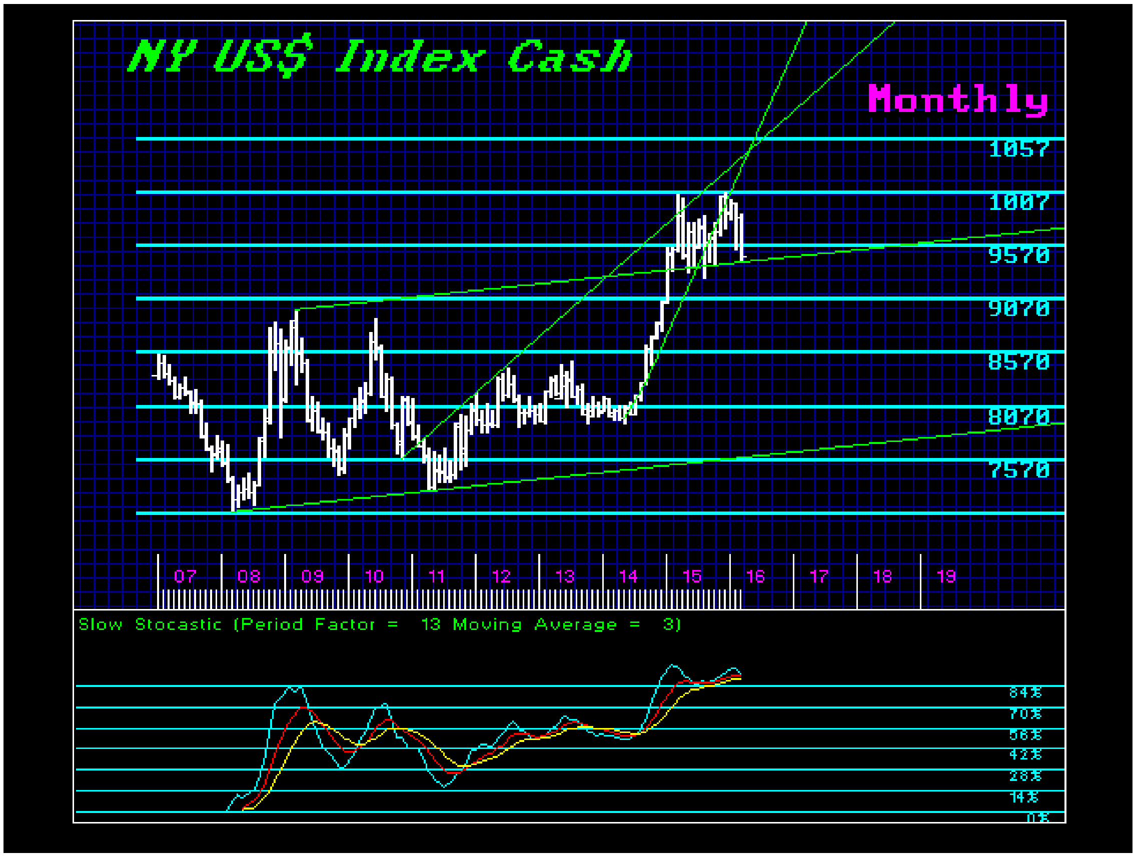
04/2016...	94254	95750	97641	10537
07/2016...	94423	96735	98544	10592
10/2016...	94592	97720	99446	10646
01/2017...	94761	98705	10034	10700
04/2017...	94930	99690	10125	10755
07/2017...	95099	10067	10215	10809
10/2017...	95268	10166	10305	10863

Quarterly Indicating Ranges

Date	Momentum	Trend	Long-Term
04/2016	83540-78415	86265-78605	93135-78905
07/2016	84100-75630	86220-78600	92620-79740
10/2016	84470-75250	90325-78935	93805-81320

2ND QUARTER '2016 MOMENTUM INDICATORS HLC 99558 93581 96521

MONTHLY LEVEL



MONTHLY REVERSAL SYSTEM

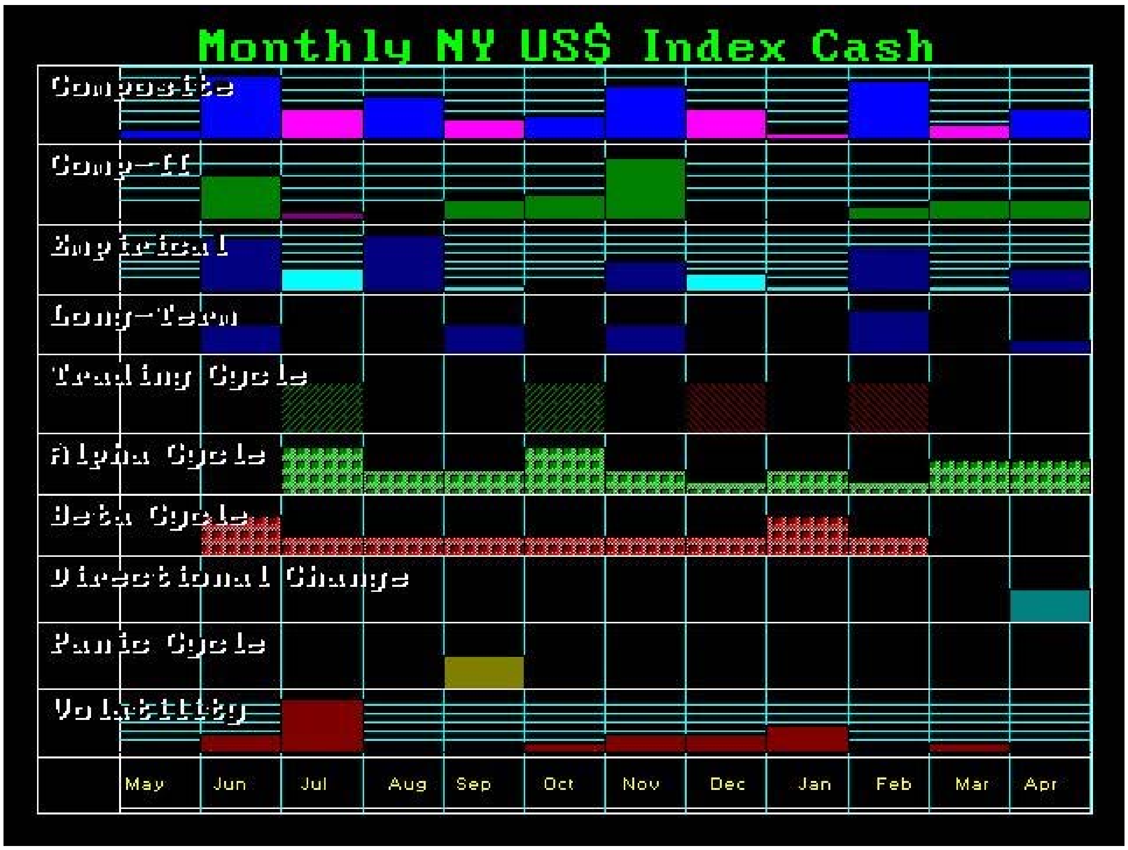
Our Monthly Bullish Reversals stand at 100310, 100395, 101820, 103200, 109000, and 120520. A monthly closing above 100395 will signal that this market should continue to advance to new recent highs. However, as long as this market remains below 100310 on a monthly closing basis, then the immediate trend must be considered as neutral and any close beneath a Bearish Reversal would imply that at least a temporary high is in place and a retest of key support is likely.

Basis the Reversal System, the Minor Monthly Bearish Reversals are found at 94400, 92610, 86875, 81590, 79735 and 79675, followed by 71315. Consequently, only a monthly closing below 94400 will signal that a downtrend is likely to unfold, however, a monthly closing below 79735 would warn of a serious decline thereafter.

Monthly Reversals

Minor Bullish 100310, 100395, 101820, 103200, 109000, 120520
Minor Bearish 94400, 92610, 86875, 81590, 79735, 79675, 71315

MONTHLY TIMING



Looking at our empirical models, the ideal primary target for the next major cycle turning point appears to be June on the monthly level. Thereafter, we see August, November and then February 2017 as turning points. Ideally, each should produce the opposite event from the previous.

Our Directional Change models indicate that a turning point is due the month of 04/2016 on a closing basis and then 04/2017. Our Panic Cycle Models suggest that higher volatility is due the month of 09/2016.

Monthly Turning Points:
06/2016, 08/2016, 11/2016, 02/2017

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 104207 104350 104688
SUPPORT: 75793

Monthly Technical Projections

04/01...	75793	10420	10435	10468
05/01...	75845	10464	10543	10486
06/01...	75897	10508	10651	10504
07/01...	75950	10552	10759	10521
08/01...	76003	10596	10867	10539
09/01...	76055	10640	10975	10557
10/01...	76107	10684	11083	10575

Monthly Indicating Ranges

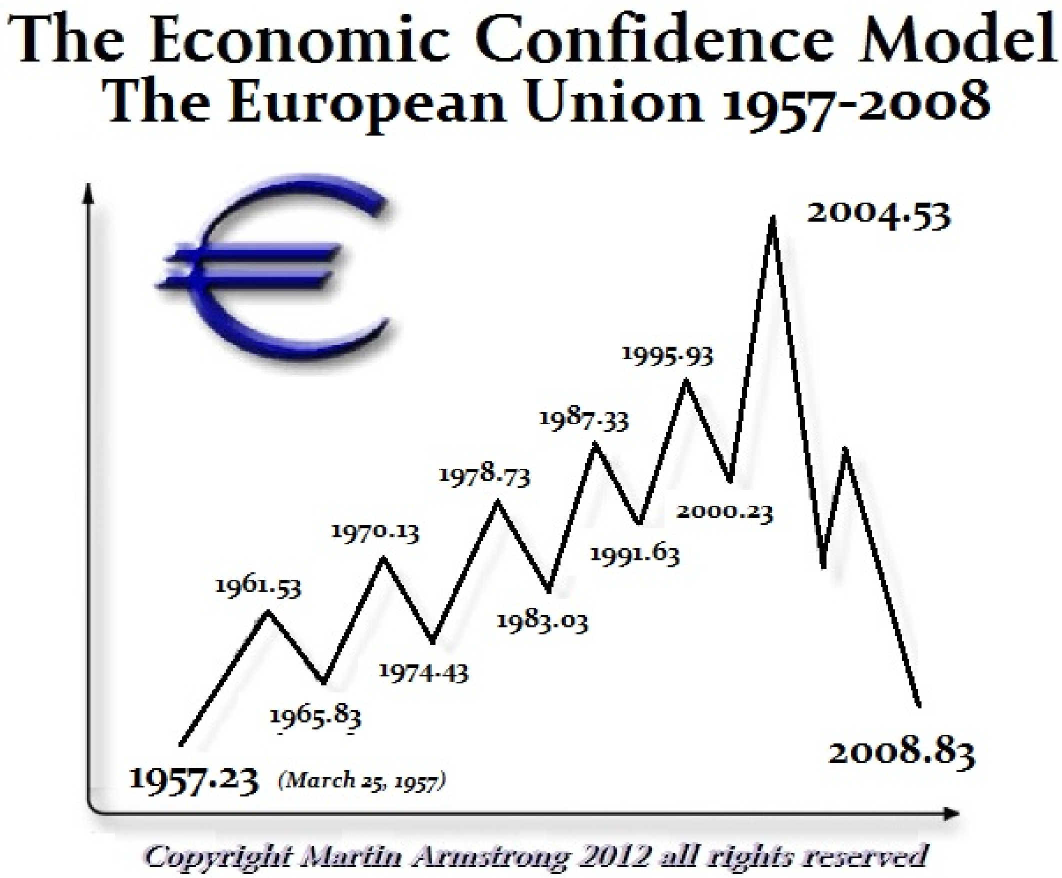
Date	Momentum	Trend	Long-Term
04/2016	92620-78905	97190-80580	98335-87625
05/2016	95480-79760	96700-81020	98050-90330
06/2016	95235-79740	95365-81575	97820-93250

The EURO

A Technical Outlook

Our long-term view for the Euro recognizes that the current bearish trend remains in place and may reach a conclusion in 2018 at the earliest or by 2020. The decline from the 2008 high has been 7 years into an initial low in 2015. However, should new intraday lows develop beyond 2015, then we are looking at a further decline into 2018 with a possibility of the Euro moving into a potential decline into a 12 to 13 year bear market with the final low forming as late as 2020-2021. There is the possibility of a complete meltdown. That would extend the final low or capitulation of the Euro to where it might no longer exist after a 17 years decline targeting as late as 2025. This would imply the economic union of the EU would collapse, but that would probably result much earlier even as soon as 2018 should the political union fail first, since the economic union would fall thereafter almost instantaneously.

From a timing perspective, the Bretton Woods System actually began with the operational start of the IMF on March 1, 1947 (1947.164). The euro began officially



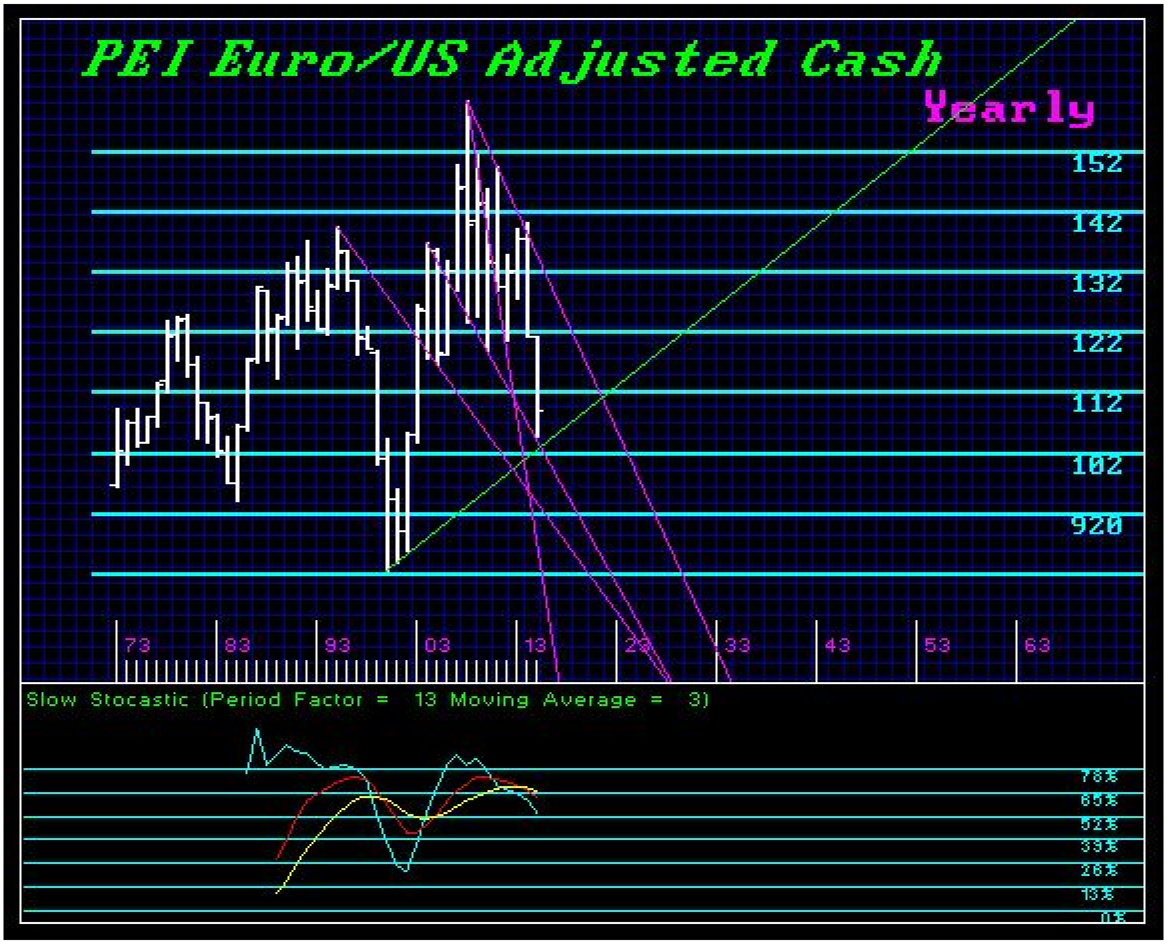
on January 1, 1999 (1999.002). The birth of the euro essentially completed the 51.6-year cycle between 1947 and 1999. The peak in the euro was July 2008 at 1.6036, 9.5 years following the birth of the Euro. The collapse since this peak has been quite pronounced, dropping 34.7% thus far down to the immediate low of 1.0463 in 2015. Unquestionably, there remains a risk that we could see a complete monetary reform as early as 2018 going into 2020 or the latest 2032 insofar as a change in the currency base system. This is likely to follow a Sovereign Debt Crisis which should begin to erupt by 2017.

Nevertheless, if we look at the 8.6 year frequency from the Treaty of Rome (1957.23), which peaked in 2004 and the crash and burn produced the high in the Euro for 2008 which sent the economy over the edge into deflation. Treaty of Rome, originally (1957–1993) was followed by establishing the European Economic Community (1993–2009), which was then succeeded by Treaty Establishing the European Community in 2009 establishing how EU would function.

Socialistic policies within Europe are leading causing the economy to stagnate. Despite aggressive monetary easing, the EU economy continues to languish with estimated growth of 1.6% in 2015 with growth constrained by public and private debt. The economic abyss with youth unemployment averaging 20% and approaching 50% in Greece and Spain warns there is a complete failure to create new jobs. Overall unemployment in the EU remains over 10%. Discontent underrides rising anger towards immigrants and refugees. French and German Presidential elections in 2017 should be interesting as the economy weakens in-line with the **Economic Confidence Model**.

We can see from a technical perspective, the collapse in the Euro during 2015 was very dramatic. Typically, you would break an uptrend line and then rally back to retest it. The Euro actually bottomed during March of 2015. We have been waiting to retest this technical resistance standing in the 12300 level. However, our first target was 11643 since that was the Yearly Bearish Reversal which was elected at the close of 2015 at 10869. However, when you close that far below a number (1% rule), you typically rally back to retest that level BEFORE proceeding to new lows. Hence, we have been looking for a rally back to 11600 during the current reaction year of 2016.

YEARLY LEVEL



Looking at the Euro cash from an annual perspective, we can see that from the high of 2008 there has been a rather sharp decline. This went through a sling-shot move when it fell to a new low in 2000 and then swung abruptly to a new high intraday for 8 years and on a closing basis completing a 7 year rally. From the highest close in 2007, there has been an 8 year decline into 2015 (t years down from the 2008 intraday high). Technically, everything is bearish on both momentum and trend as far as the short-term is concerned. However, on an intermediate level, indicators are giving a neutral signal shifting emphasis to 1.2650 being an important resistance area to watch this year while 1.0338 is forming important support.

Right now, the Cyclical Strength, is currently bearish. However, long-term momentum is presently indicating a neutral position. Nonetheless, long-term market trend indicators remain in the bullish mode. This highlights support at the 1.0617 levels, while, at the same time, we see resistance standing at the, 1.1344 and 1.2299 levels.

YEARLY REVERSAL SYSTEM

We have elected two Yearly Bearish Reversals from the major high with the last being 11645. Since we elected that at the close of 2015 printing 10869, this meant we should expect to rally back to retest that level before moving back down. We also elected a Yearly Bearish at the end of 2014 which was 12150. At least the high in 2015 was 12109.

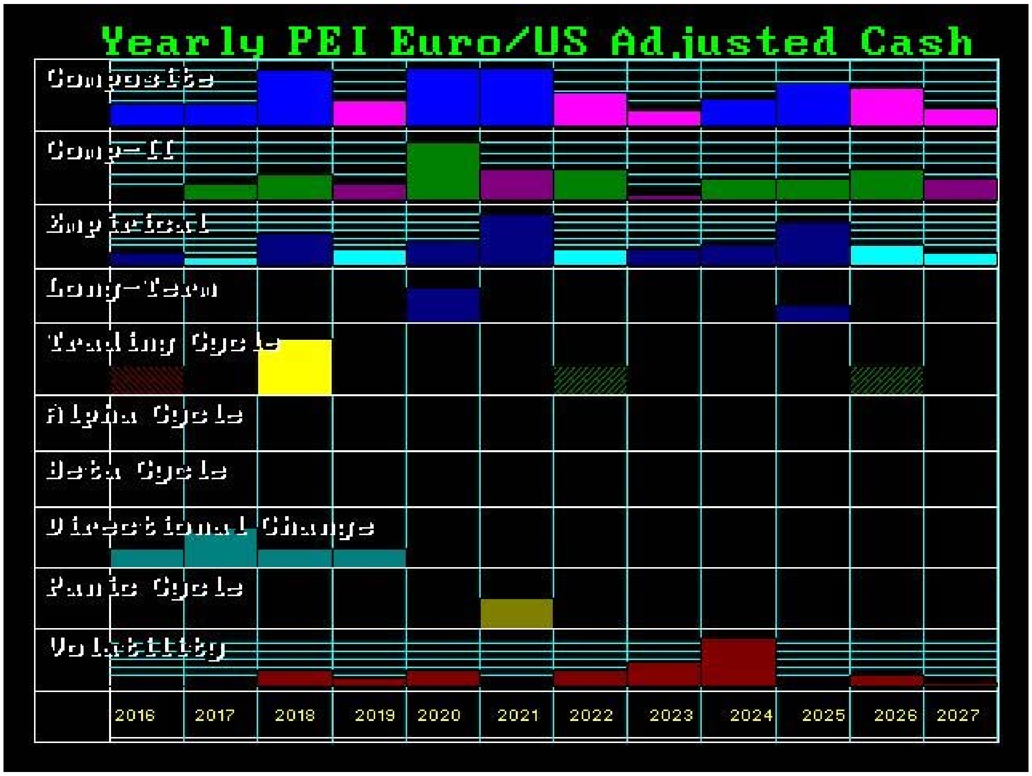
Nevertheless, at this time, the Major Yearly Bearish Reversals are 10365, 9990, and 8565 followed by 8350. Therefore, only a yearly closing below 10365 will signal a resumption of the decline near-term whereas an annual closing below 9990 will signal the Euro is likely to make new historic lows.

On a long-term basis, our Reversal System indicates that our Major Yearly Bullish Reversals are 12470, 13500, and 14600. Our model also highlights a Minor Yearly Bullish Reversal standing at 12115. Consequently, only a yearly closing above 12115 will signal that an immediate pause in the decline should unfold thereafter. However, it will require an annual closing above 12470 to raise hopes of a continued rally against the Greenback.

Yearly Reversals

Major Bullish 12115 12470, 13500, 14600
Major Bearish 10365, 9990, 8565, 8350

YEARLY TIMING



On our empirical models, the ideal primary target for the next minor cycle turning point will be 2017 where we also have a Directional Change. Thereafter, the next key target year will be 2020. Therefore, if by chance the Euro can hold and not penetrate the 2015 low, then a consolidation could unfold into early 2017 and then the Euro would turn decisively lower into 2020. Because our Long-Term model also highlights 2018, it is possible that a break to the downside for the Euro into 2017 could be followed by a brief pause in 2018 with a resumption of the decline thereafter into 2020.

Employing composite cycle analysis, the key years for a turning point in Euro cash will be 2034 and 2035.

Our Directional Change models indicate that turning points are due the years of 2016 and 2017. Our Panic Cycle Models suggest that higher volatility is due the year of 2021.

<u>Yearly Turning Points:</u> 2016, (2018), 2020, 2022, 2024

YEARLY TECHNICAL OUTLOOK

RESISTANCE: 13116 16000
SUPPORT: 10150 10092 9115 7569

YEARLY TECHNICAL PROJECTIONS

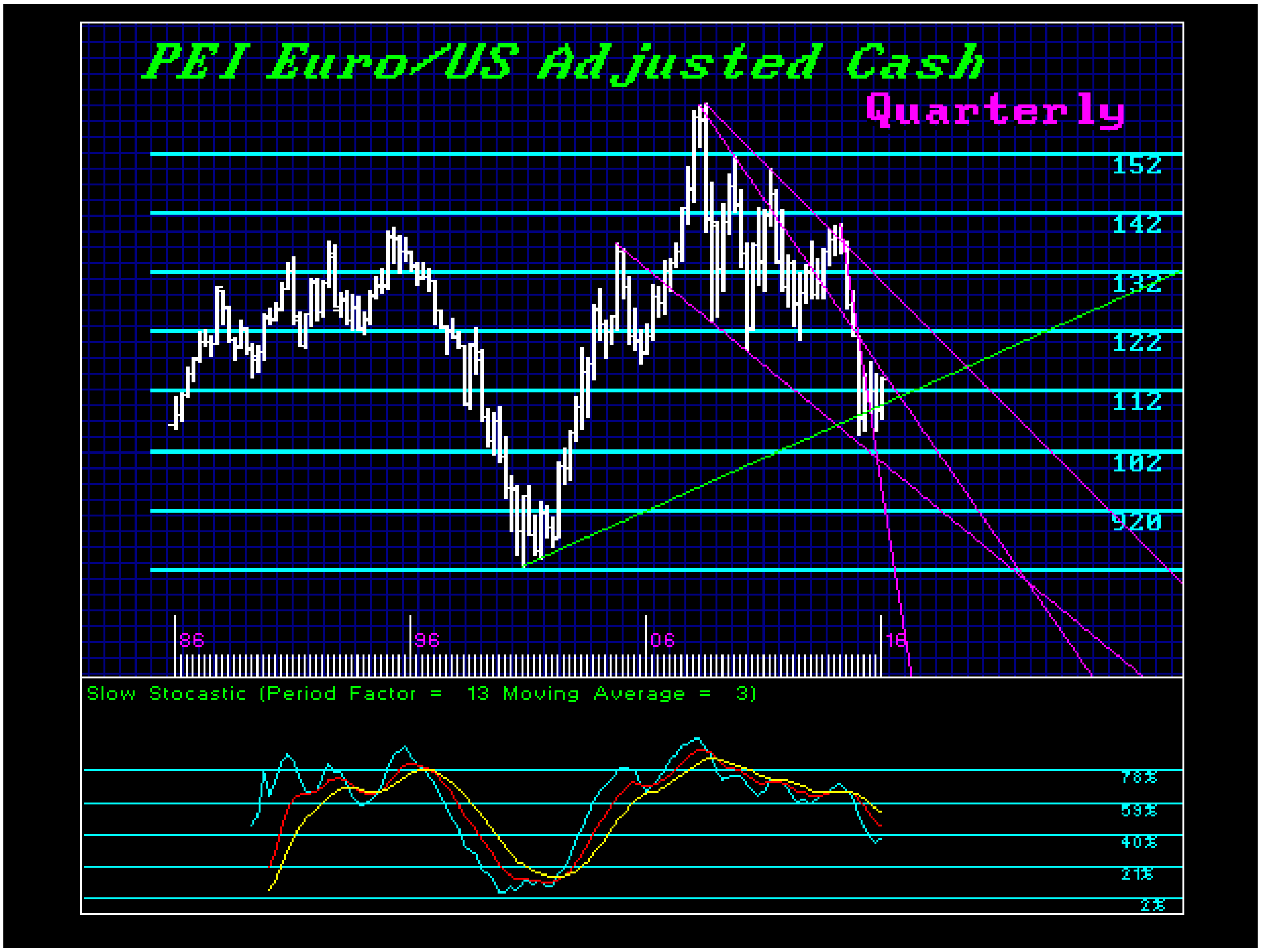
2016...	7569	9115	10092	10150	13116
2017...	6511	8885	9794	10270	12751
2018...	5453	8656	9496	10390	12386
2019...	4394	8426	9198	10510	12021
2020...	3336	8196	8900	10630	11656
2021...	2278	7966	8602	10750	11291
2022...	1219	7736	8304	10870	10926

Yearly Indicating Ranges

Date	Momentum	Trend	Long-Term
2016	12861-10338	13337-12299	13892-12650
2017	13426-11764	13485-11915	13668-12045
2018	12752-10463	13579-11643	13710-12109

2016 MOMENTUM INDICATORS HLC 13331 11770 12241

QUARTERLY LEVEL



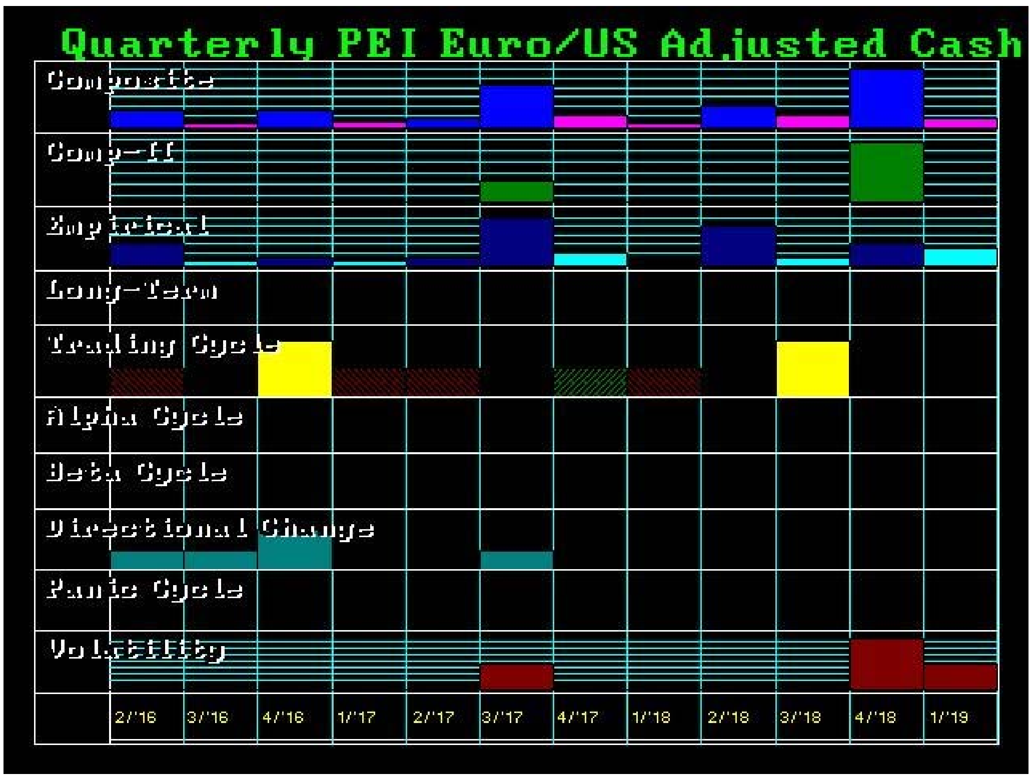
QUARTERLY REVERSAL SYSTEM

At this time, the Major Quarterly Bearish Reversal is 8350. This is a very critical number and only a quarterly closing below 8350 will signal that an immediate downtrend could retest long-term support. When we look at the Minor level, our Quarterly Bearish Reversal resides at 10335 and 9610. Hence, only a quarterly closing below 10335 will signal that an immediate downtrend should unfold thereafter.

The Reversal System immediately displays Major Quarterly Bullish Reversals at 12110, 13895, 13995 and 14250 followed by 14845. Consequently, only a quarterly closing above 12110 will signal that an immediate uptrend should unfold thereafter, but only a quarterly closing above 13995 would signal a reversal of the downtrend.

Quarterly Reversals
Major Bullish 12110, 13895, 13995, 14250, 14845
Major Bearish 10335, 9610, 8350

QUARTERLY TIMING



According to our empirical models, the ideal primary target for the next major cycle turning point will be the 1st quarter 2017. Between then and now, we see the 2nd quarter and the 4th quarter presenting minor targets. Our major target will be the 3rd quarter 2017, 2nd quarter 2018, and the big one the 4th quarter 2018.

Using a composite of a variety of timing intervals, the key quarters for a turning point in Euro/US Cash will be 07/2021 and 01/2022.

Our Directional Change models indicate that there is a series of turning points every quarter until the 1st quarter 2017. This warns of a choppy trend for now.

Quarterly Turning Points:
02/2016, 04/2016, 01/2017, 03/2017, 02/2018, 04/2018

QUARTERLY TECHNICAL OUTLOOK

RESISTANCE: 12950 13050
SUPPORT: 11356 10710 9929 8971

Quarterly Technical Projections

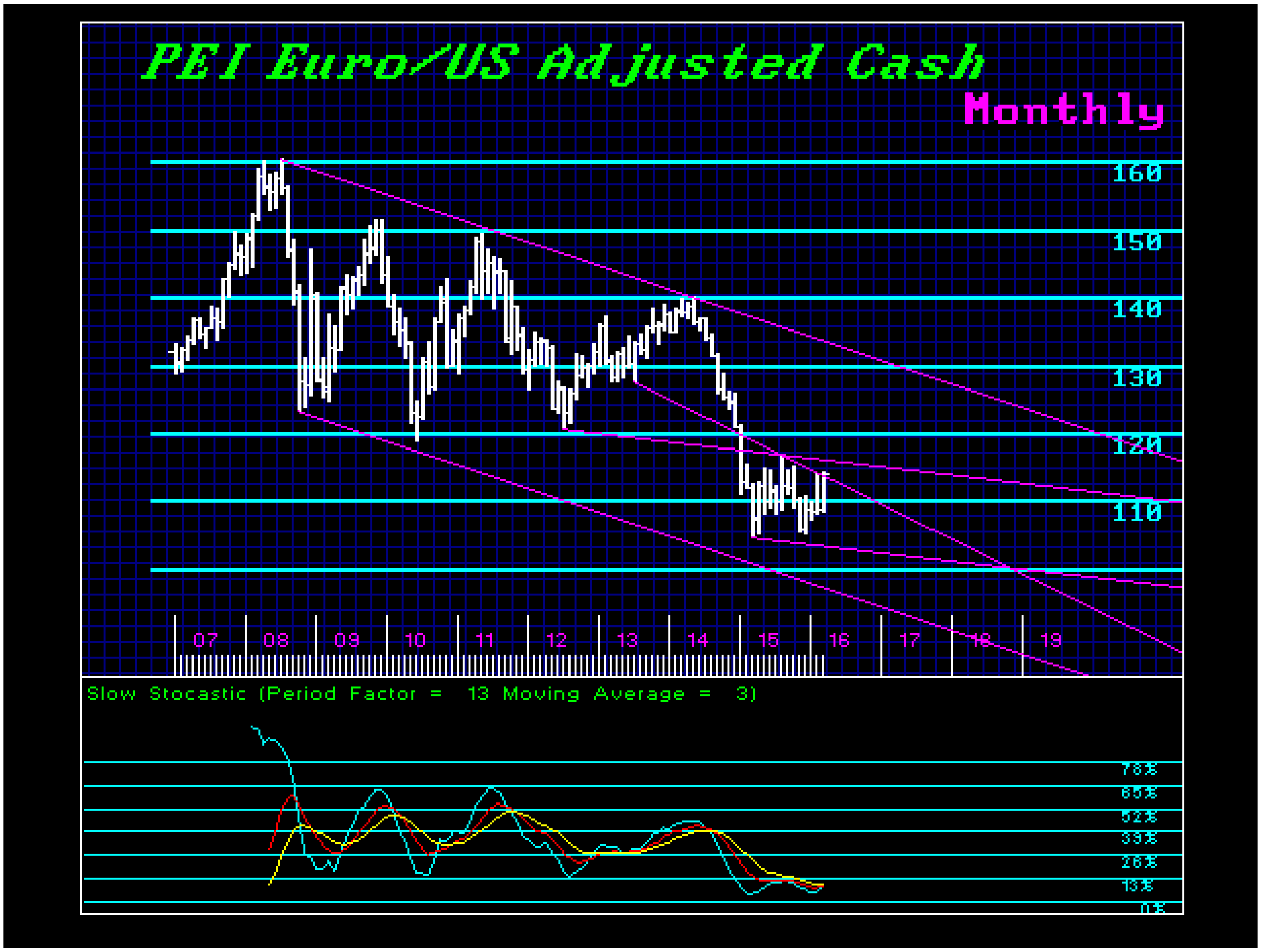
04/2016...	8971	9929	10710	11356	12950
07/2016...	8343	9848	10750	11210	12851
10/2016...	7715	9767	10790	11064	12751
01/2017...	7088	9686	10830	10919	12651
04/2017...	6460	9604	10870	10773	12552
07/2017...	5832	9523	10910	10627	12452
10/2017...	5205	9442	10950	10482	12353

Quarterly Indicating Ranges

Date	Momentum	Trend	Long-Term
04/2016	12754-10463	13709-10815	14221-11693
07/2016	12752-10521	13270-10524	13416-11467
10/2016	11880-10711	12758-10815	13568-11412

2ND QUARTER '2016 MOMENTUM INDICATORS HLC 11533 10683 11141

MONTHLY LEVEL



MONTHLY REVERSAL SYSTEM

At this time, the Major Monthly Bearish Reversal is 10460, 9875, 9860, 9688, 8745, and 8710. Consequently, only a monthly closing below 10460 will signal that a retest of key support is under way. However, a monthly closing below 9860 will signal that an immediate downtrend could become more dramatic in the near-term.

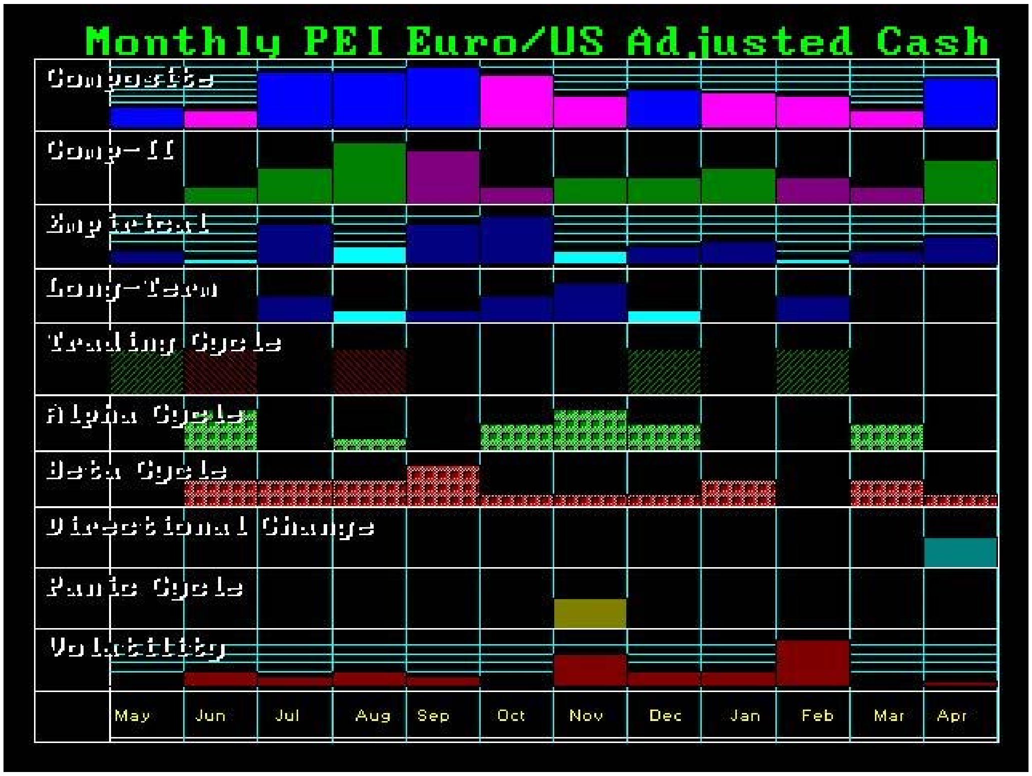
Looking at our Reversal System, we show that the Major Monthly Bullish Reversals stand at 12570, 12890, 13595, 13825, 14695 followed by 15845 and 16040. Therefore, only a monthly closing above 12570 will signal that an immediate uptrend should unfold thereafter. Such a closing would warn that this market should move to the upside in the months ahead.

Monthly Reversals

Major Bullish 12570, 12890, 13595, 13825, 14695, 15845, 16040

Major Bearish 10460, 9875, 9860, 9688, 8745, 8710

MONTHLY TIMING



Looking at our empirical models, the ideal primary target for the next key cycle turning points are June, August and November followed thereafter by February.

The key month for a turning point looking into the distant future will be will be September 2018.

Our Directional Change models indicate that a turning point is due the month of 04/2016 and 04/2017. Our Panic Cycle Models suggest that higher volatility is due the month of 09/2016.

Monthly Turning Points:

06/2016, 08/2016, 11/2016, 02/2017

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 11617 13320
SUPPORT: 11352 9969 9165

Monthly Technical Projections

04/01...	11352	11617	13320
05/01...	11310	11607	13291
06/01...	11267	11598	13262
07/01...	11224	11588	13233
08/01...	11182	11579	13204
09/01...	11139	11569	13174
10/01...	11097	11560	13145

Monthly Indicating Ranges

Date	Momentum	Trend	Long-Term
04/2016	11053-10463	11241-10558	13478-10711
05/2016	11266-10521	11376-10524	13707-10815
06/2016	11412-10711	11467-10819	13673-10822

APRIL MOMENTUM INDICATORS HLC 11257 10782 11030

2016 World Economic Conference November 10th - 13th

At Hilton Bonnet Creek Resort with free transportation to Disney World

Separate Institutional Session November 10th
Technical Analytical Training Course November 11th
Workshops & Socrates November 12th
WEC General Public Forecasting Only November 13th