

Princeton Economics

Forecasting The World



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Asian Outlook



2013-2014



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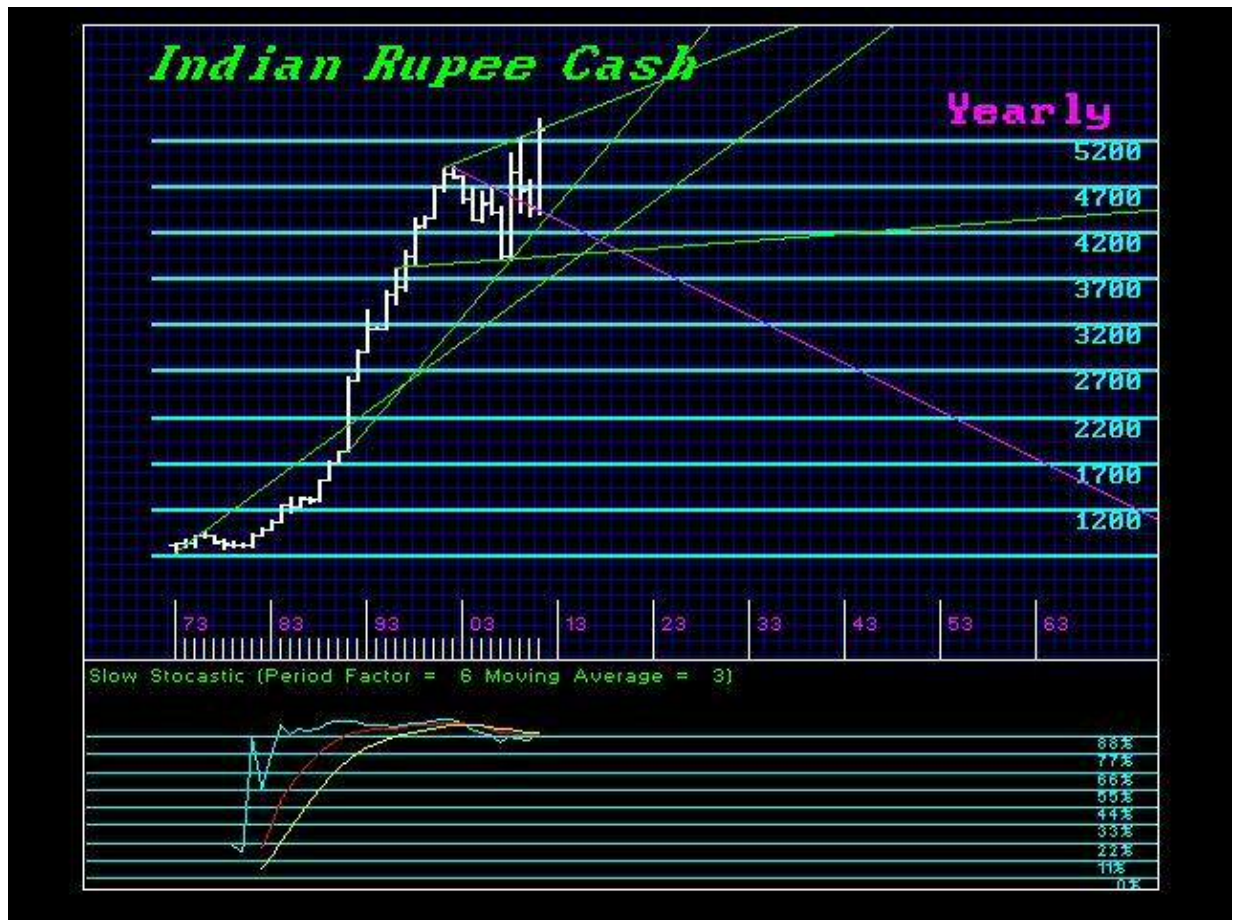
A TECHNICAL OUTLOOK FOR INDIAN RUPEE SPOT



Our long-term view in the Indian Rupee also shows back-to-back Directional Changes for 2013 and 2014 with 2013 as the key target for a turning point. Thereafter, the turning points appear to be 2016, 2018, 2021, and 2023. Volatility appears on the rise starting 2014 and building into 2019. So far, the Rupee has exceeded the 2011 high rallying into the week of June 18th, 2012 reaching 5733. The key Weekly Bearish Reversal lies at 5007 and this is the area we must watch to see if there will be a sharp decline ahead in 2013.

Major closing support lies at 5213, 4470 and 4380 for year-end 2012. The Dollar/Rupee fell into the week of October 1st, 2012 reaching 5135. However, should we see a year-end closing **BELOW** 5213, then we should see the start of a shift in the Dollar into a neutral position against the Rupee. Clearly, 2013 is 26 years from 1987. The key levels to watch are 5058, 4774, and 4380. A 2012 closing below 5058 will signal a sharp dollar decline. Our Yearly Bearish Reversal lies at 4403. A year-end closing **BELOW** this critical level will signal a serious change in trend.

Obviously, we are at a crossroads here. If new intraday highs are not sustained next year in 2013, then 2012 may produce the major high on a closing basis as well as on a cyclical basis. A Yearly closing **BELOW** 3900 will signal a bear market on the horizon with an ideal decline back to 1320-1200 range. To stay somewhat bullish right now in the Dollar/Rupee, we need a 2012 closing **ABOVE** 5213. The monthly targets show successive Directional Changes between 10-12/2012 with a Panic Cycle in January. Volatility rises 03-05/2013 and a second Panic Cycle appears 09/2013. We are looking at 01/2013 ideally producing the opposite of 11/2012. Clearly, 2013 appears to be a very important target year for a change in trend.



YEARLY LEVEL

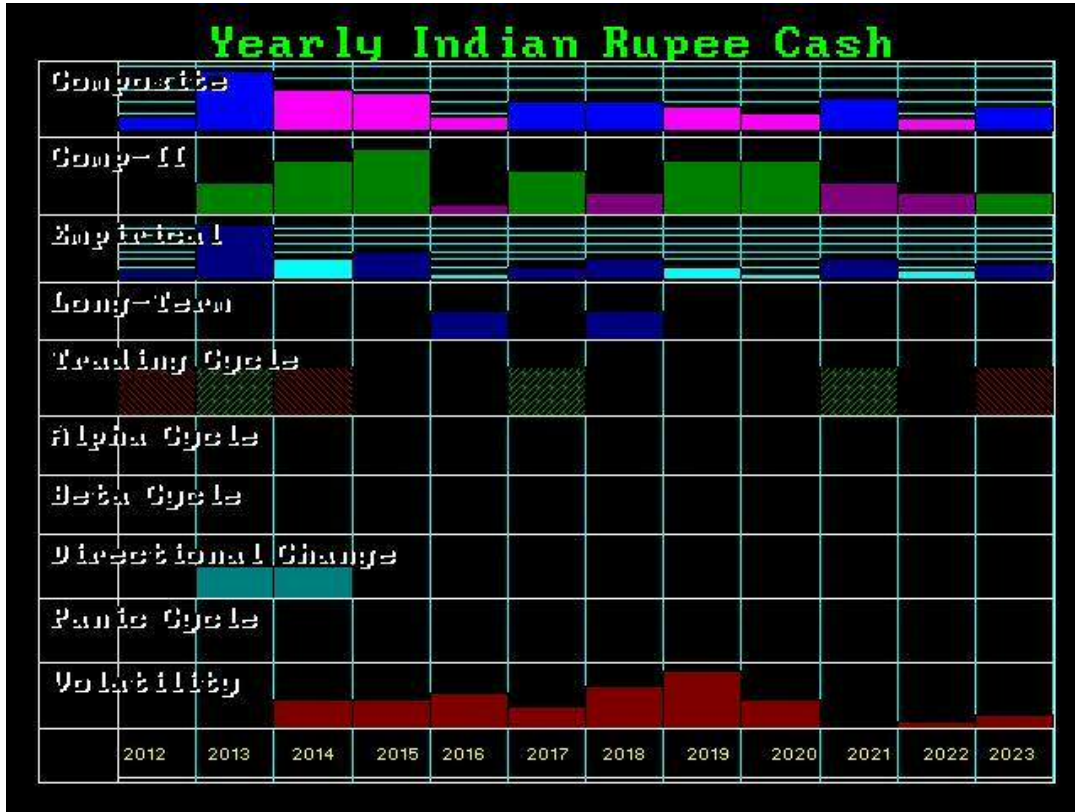
YEARLY REVERSAL SYSTEM

Indian Rupee Spot remain in an extremely strong position. As long as this market holds **ABOVE** 5213 on a closing basis, then new record highs are still possible. Our Projected Bullish Reversals for this year stand at 5491 and 5560. Hence, a yearly closing above this area will signal that this market should continue to advance to new highs in 2013. As long as this market remains below 5213 on a closing basis, then the immediate trend is perhaps neutral for the moment at best. However, only a closing **BELOW** 4403 would imply that at least a temporary high is in place for now and that a retest of key support is likely to develop. A Yearly closing **BELOW** 3900 will signal a bear market is unfolding.

At this time, the Major Yearly Bearish Reversals are 3900, 3841, 3410 and 1285. Therefore, only a yearly closing below 3900 will signal that an immediate downtrend could unfold leading to a renewed bear market ahead. The Minor Yearly Bearish Reversals are found at 4403 and 4242. It should be noted that one key reversal appears to be very important. We see that a yearly closing beneath 3840 may signal that a serious sell-off is likely to follow thereafter.

Yearly Reversals

Major Bullish 5491 5560
 Major Bearish 3900 3841 3410 1285
 Minor Bearish 4403 4242



YEARLY TIMING

Employing composite cycle analysis, the key years for a turning point in Rupee Spot will be 2013 and 2046.

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

Yearly Turning Points:

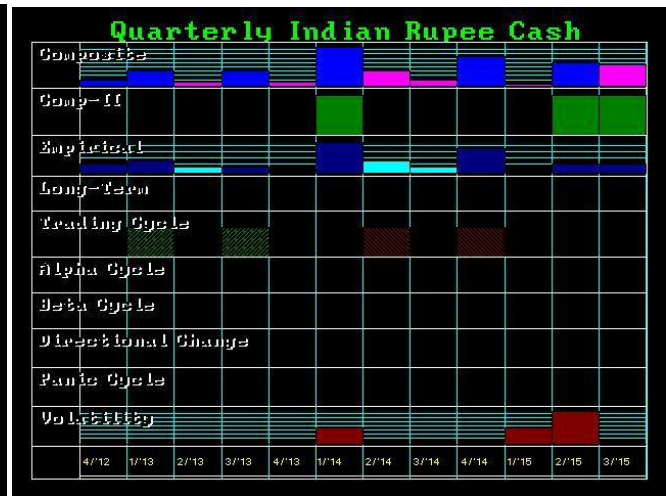
2013, (2014), 2016, 2018, 2021, 2023

Yearly Indicating Ranges

Date Momentum Trend Long-Term

2012 4373-1205 4404-1318 4470-3901
 2013 4381-1257 4695-1319 4774-3902
 2014 4639-1285 4891-1509 5213-4385

2012 MOMENTUM INDICATORS HLC 5139 4390 4803



QUARTERLY LEVEL

QUARTERLY REVERSAL SYSTEM

At this time, the Minor Quarterly Bearish Reversals are 5051, 4790, 4450, 4406 and 4385. Therefore, only a quarterly closing below 5051 will signal that an immediate downtrend could become more serious in the near-term. Presently, the Major Quarterly Bearish Reversals are found at 4403, 3960, 3900, and 3382. It should be noted that one key reversal appears to be very important. We see that a quarterly closing beneath 4403 may signal that a serious sell-off is likely to follow thereafter and change in trend to a bear market.

Indian Rupee Spot remain in an extremely strong position. As long as this market holds ABOVE 5051 on a closing basis, then new record highs are still possible. Our Quarterly Bullish Reversal stands above the market at 5803. A quarterly closing above 5803 will signal that this market should continue to advance to new recent highs.

Quarterly Reversals

Major Bullish 5803

Minor Bearish 5051 4790 4450 4406 4385

Major Bearish 4403 3960 3900 3382

QUARTERLY TIMING

Using a composite of a variety of timing intervals, the key quarters for a turning point in Indian Rupee Spot will be 02/2013 and 07/2019.

Quarterly Turning Points:

01/2013, 07/2013, 01/2014, 10/2014, 03/2015

Quarterly Indicating Ranges

Date Momentum Trend Long-Term

10/2012 4860-4385 4945-4441 4988-4656

01/2013 4853-4404 5051-4574 5432-4705

04/2013 4860-4404 5249-4475 5330-4603

QUARTERLY PATTERN RECOGNITION

If this 4th quarter 2012 closes below 5307, 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 2012 MOMENTUM INDICATORS HLC 5568 5053 5307



MONTHLY LEVEL

MONTHLY REVERSAL SYSTEM

At this time, the Minor Monthly Bearish Reversals are 4923, 4860, 4405 and 4388. Obviously, only a monthly

closing below 4923 will signal that an immediate downtrend could retest long-term support. On the near-term level of our Reversal System, the Major Monthly Bearish Reversals are found at 4565, 4404, 4385 and 4381, followed by resides at 3960. Therefore, only a monthly closing below 4565 will signal that a bear market is now unfolding.

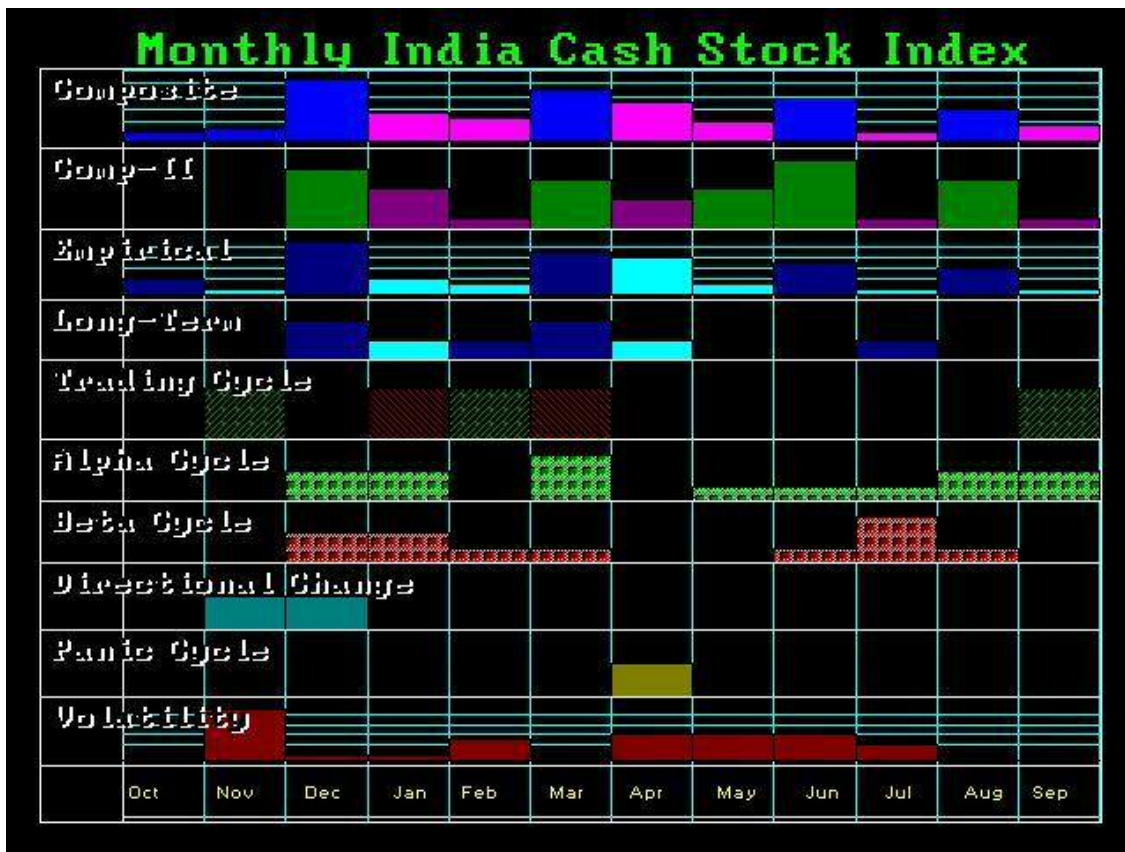
Right now, Major levels of our system models indicates that the Monthly Bullish Reversal is standing at 5742. Thereupon, only a monthly closing above 5742 will signal that an immediate uptrend should unfold thereafter with new highs into the months beyond.

Monthly Reversals

Major Bullish 5742

Minor Bearish 4923 4860 4565 4405 4388

Minor Bearish 4565 4404 4385 4381 3960



MONTHLY TIMING

Employing composite cycle analysis, the key months for a turning point in Indian Rupee Spot will be 02/2013 and 10/2014.

Our Directional Change models indicate that turning points are due the months of 10/2012, 11/2012 and 12/2012. Our Panic Cycle Models suggest that higher volatility is due the months of 01/2013 and 09/2013.

Monthly Turning Points:

11/2012, 01/2013, 03/2013, 06/2013, 08/2013

Monthly Indicating Ranges

Date Momentum Trend Long-Term

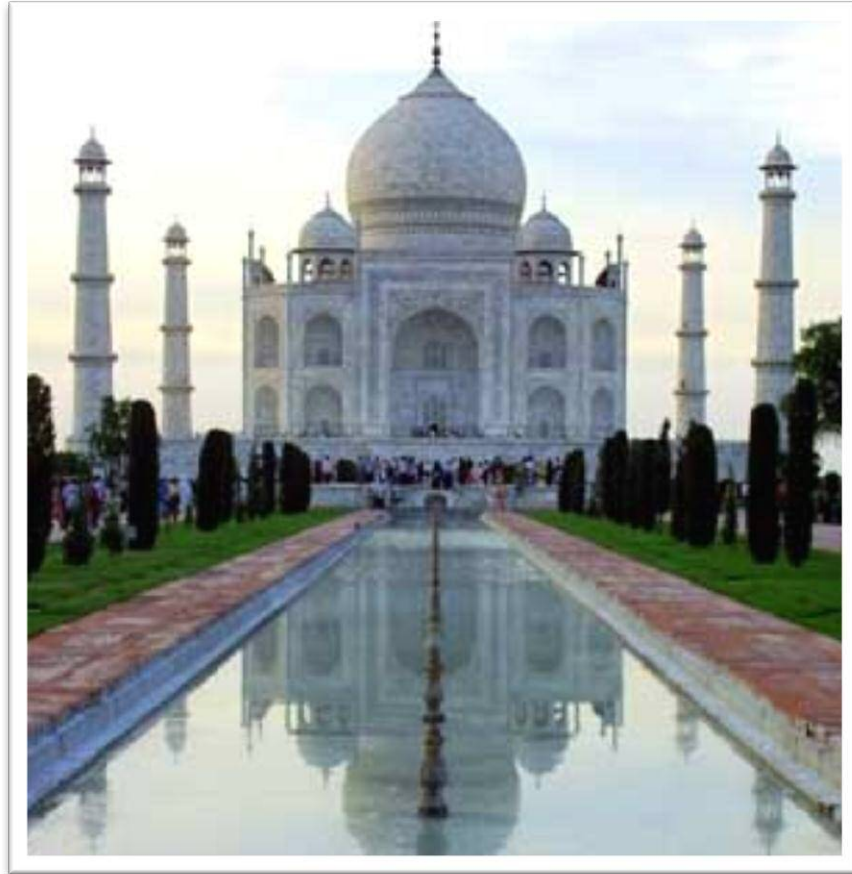
10/2012 5248-4565 5417-4571 5643-4715

11/2012 5482-4454 5496-4702 5620-4853

12/2012 5272-4397 5417-4482 5603-4859

OCTOBER MOMENTUM INDICATORS HLC 5622 5387 5465

A TECHNICAL OUTLOOK FOR CASH SENSEX INDEX BSE BOMBAY, INDIA



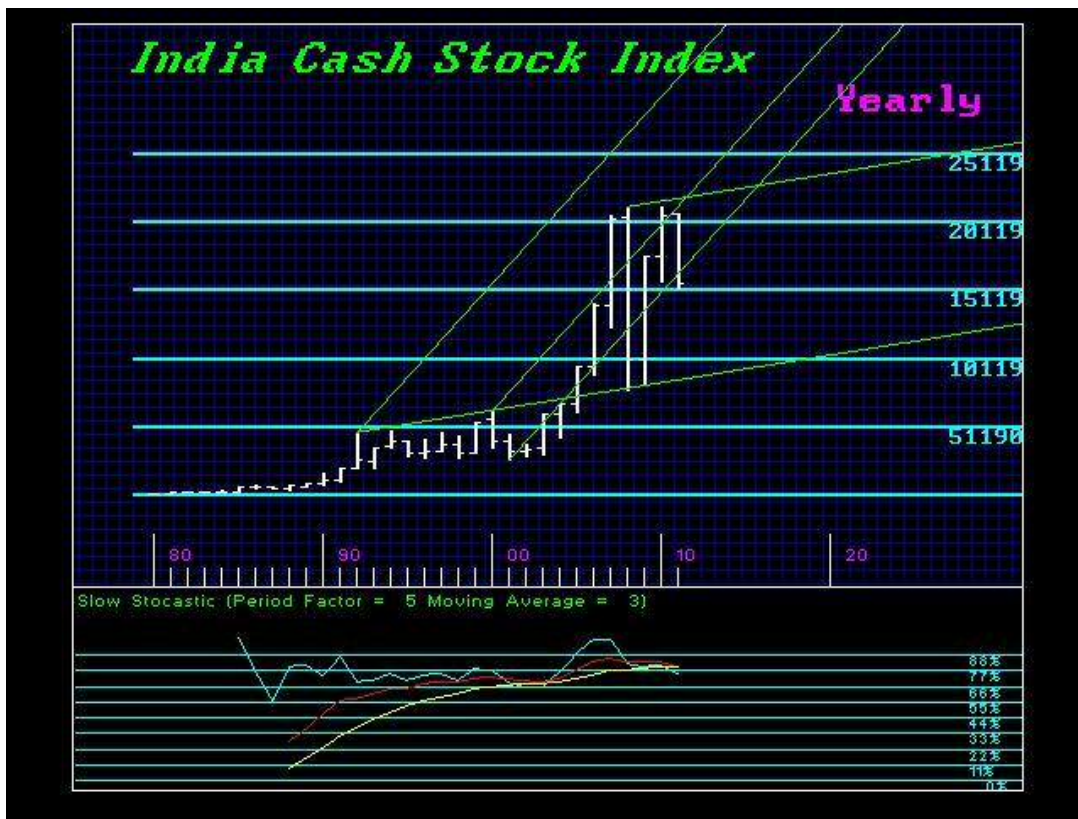
Our long-term outlook for the Indian SENSEX BSE Index (Bombay) remains long-term bullish. The yearly pattern shows a virtual double top at the 2120000 level established in 2008 and 2010. The rally back in 2010 was impressive and is clearly warning that this market will explode to the upside with a reasonable target objective by 2016 in the area of 3590000. We have never elected a Yearly Bearish Reversal which lies at 422750. Since the lowest closing on an annual basis has been 964731 for the closing of 2008, this share market remains pointing to the upside. This is also illustrated by the Double Top omitting any type of bubble pattern we is self-evident in the Nikkei for 1989 or the Dow 1929.

Support at this time rests at 1753000 for a year-end 2012 closing. It would take a year-end closing **BELOW** 1230000 to signal any type of near-term bear market. If the dollar declines against the Rupee, keep in mind that given the bullish posture in this share market, a rising market coupled with a rising currency will draw international capital causing it to concentrate in India. The only real bearish factor about India is its high degree of impractical bureaucratic operations.

From a timing perspective, we see 2013 and 2014 as back-to-back Directional Changes. A Panic Cycle is due in 2017. The turning points for highs and lows appear to be 2015 on a minor basis with 2017 being the primary target. Thereafter, we see 2019 and 2022 are key targets for turning points.

Our Quarterly Bearish Reversal lies at 1533000 and thereby only a quarter closing beneath that level will signal a correction near-term. The Major Quarter Bearish Reversal lies at 765600 and that is the real area of critical support. We see Quarter Directional Changes 10/2012, 04/2013 and 07/2013. Quarterly turning points are likely 10/2012, 10/2013, 10/2014, and 04/2015.

Our Minor Monthly Bearish Reversal lies at 1321990 with the Major Monthly Bearish at 765600. Our Monthly turning points are 01/2013, 03/2013 (minor), 05/2013, and 08/2013. We show a Panic Cycle due 05/2013, high volatility 04/2013, with back-to-back Directional Changes 11-12/2012.



YEARLY LEVEL

YEARLY REVERSAL SYSTEM

At this time, the Major Yearly Bearish Reversals are 422750, 282838 and 194900. Consequently, only a yearly closing below 422750 will signal that a serious change in long-term trend.

The Indian SENSEX BSE Index remains in an extremely strong position. As long as this market holds ABOVE 17530000 on a closing basis, then new record highs are still possible near-term.

Yearly Reversals

Major Bullish 21303002

Major Bearish 422750 282838 194900



YEARLY TIMING

Employing composite cycle analysis, the key years for a turning point in India Cash Stock Index will be 2019 and 2036.

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.

Yearly Turning Points:

2015, 2017, 2019, 2020, 2022-2023

YEARLY TECHNICAL OUTLOOK

TABLE #1

Yearly Technical Projections

Yearly Indicating Ranges

Date Momentum Trend Long-Term

2012 422750-62530 668422-79800 769739-274500

2013 606933-65930 804717-155940 945709-322850

2014 879901-95610 1403530-195730 1565199-274122

2012 MOMENTUM INDICATORS HLC 1976359 1294500 1782692



QUARTERLY LEVEL

QUARTERLY REVERSAL SYSTEM

At this time, the Major Quarterly Bearish Reversals are 765615, 446544 and 309773. Hence, only a quarterly closing below 765615 will signal that an immediate downtrend could become more dramatic in the near-term. When we look at the Minor level, our Quarterly Bearish Reversals are found at 1739558, 1576553, 1217883 and 1215355. It should be noted that one key reversal appears to be very important. We see that a quarterly closing beneath 1217883 may signal that a serious sell-off is likely to follow thereafter.

Our Reversal System that the Minor Quarterly Bullish Reversals exist at 2049813 and 2110865. Consequently, only a quarterly closing above 2049811 will signal that an immediate uptrend should unfold thereafter.

Quarterly Reversals

Minor Bullish 2049813 2110865

Major Bearish 765615 446544 309773

Minor Bearish 1739558 1576553 1533056 1217883 1215355

QUARTERLY TIMING

Using a composite of a variety of timing intervals, the key quarters for a turning point in India Cash Stock Index will be 04/2018 and 01/2019.

Our Directional Change models indicate that turning points are due the quarters of 10/2012, 04/2014 and 07/2014.

Quarterly Turning Points:

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

Quarterly Indicating Ranges

Date Momentum Trend Long-Term

10/2012 1513586-769739 1790813-1231610 1895482-1300119

01/2013 1564056-804717 1729562-1046972 1852378-1248186

04/2013 1731438-1010725 1742534-1377988 1766410-1560030

4TH QUARTER 2012 MOMENTUM INDICATORS HLC 1835260 1599600 1790034



MONTHLY LEVEL

MONTHLY REVERSAL SYSTEM

At this time, the Major Monthly Bearish Reversals are 765615 and 632131. Unmistakably, only a monthly closing below 765615 will signal that an immediate downtrend could become more dramatic in the near-term. On our near-term system models, the Minor Monthly Bearish Reversals are found at 1321999 and 846743. It should be noted that one key reversal appears to be very important. We see that a monthly closing beneath 1321999 may signal that a serious sell-off is likely to follow thereafter.

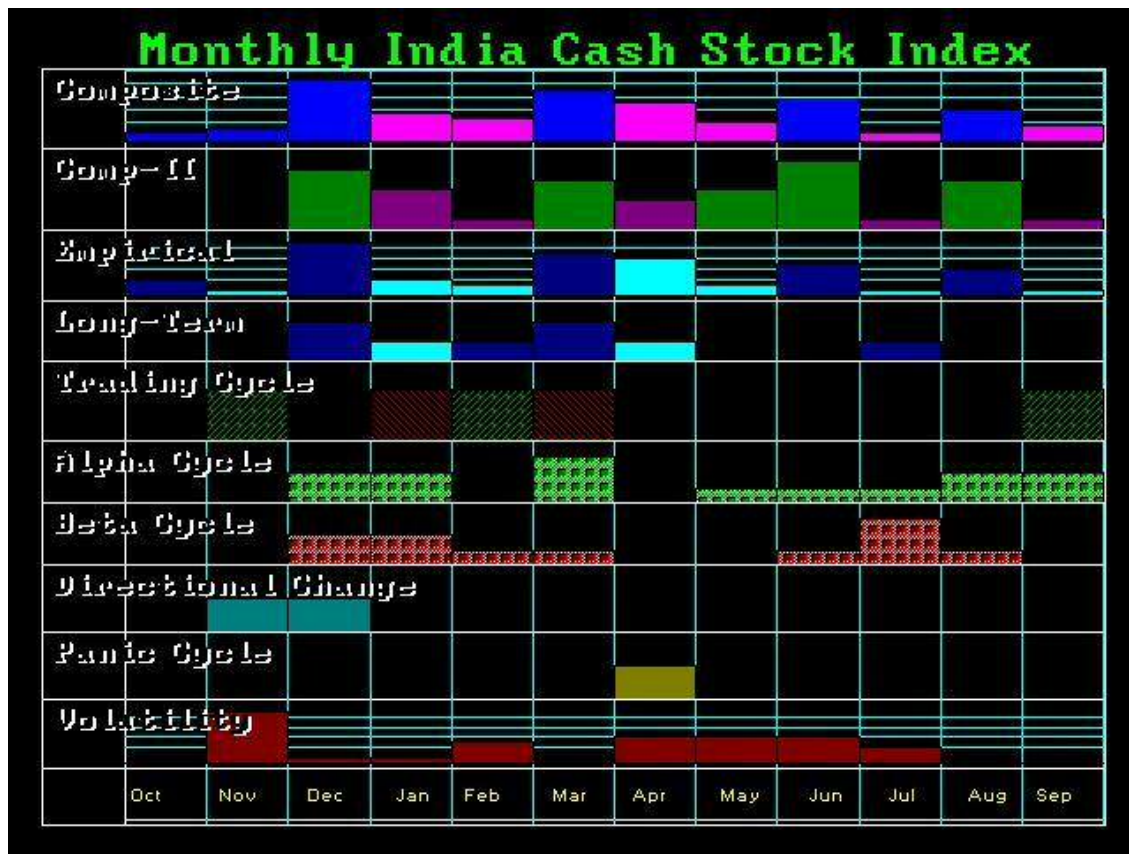
In addition, our Minor Monthly Bullish Reversal resides at 1981114. Our model additionally provides a Minor Monthly Bullish Reversal resides at 2085455.

Monthly Reversals

Minor Bullish 1981114 2085455

Major Bearish 765615 632131

Minor Bearish 1533056 1530304 1321999 846743 831639



MONTHLY TIMING

Employing composite cycle analysis, the key months for a turning point in India Cash Stock Index will be 07/2014 and 01/2019.

Our Directional Change models indicate that turning points are due the months of 11/2012 and 12/2012. Our Panic Cycle Models suggest that higher volatility is due the month of 05/2013.

Monthly Turning Points:

12/2012, 01/2013, (03/2013), 05/2013, 08/2013

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 2078096 2104226

SUPPORT: 847133 389982

TABLE #3

Monthly Technical Projections

10/01... 21042

11/01... 21039

12/01... 21036

01/01... 21033

02/01... 21030

03/01... 21027

04/01... 21024

Monthly Indicating Ranges

Date Momentum Trend Long-Term

10/2012 1852378-1574898 1895482-1730828 1903138-1731438

11/2012 1813186-1659848 1907457-1692061 1913170-1763119

12/2012 1797254-1576553 1798217-1701016 1828355-1702697

OCTOBER MOMENTUM INDICATORS HLC 1815789 1695875 1782189

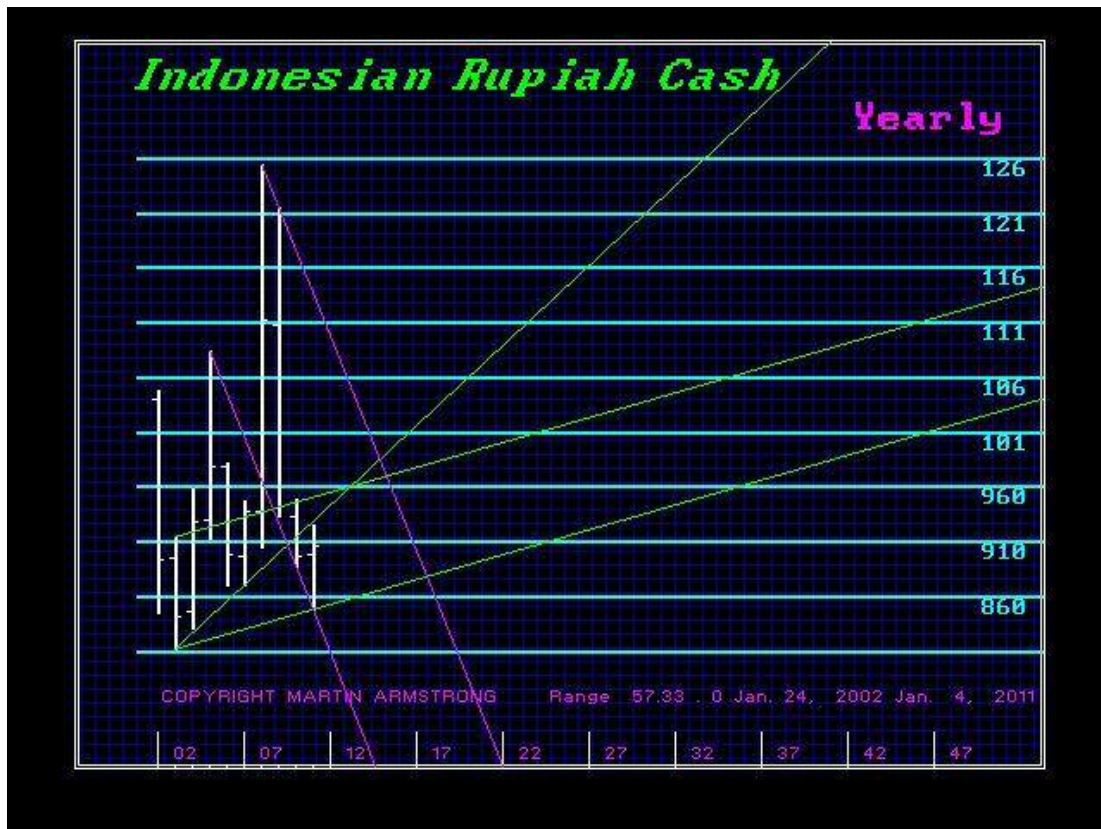
A TECHNICAL OUTLOOK FOR INDONESIAN RUPIAH SPOT



The Dollar/Indonesian Rupiah peaked in 2008 and declined going into 2011 forming a low at 8470 in July 2011. Since then, the dollar has rallied exceeding the 2011 high electing three Monthly Bullish Reversals. The current Monthly Bullish Reversal stands at 10621. On the Quarterly level, we have one Quarterly Bullish Reversal standing at 11485. Our Yearly Bullish Reversals stand at 9140, 10835, and 12535. A closing above the 2011 high of 9240 will also be a technical bullish indication on our annual models.

Looking ahead to 2013, we see 9475, 9035, and 8870 as key support levels. Our annual timing models are showing 2013 as a Directional Change with turning points due 2015, 2018, 2022/2023. We see high volatility due in 2013 and 2018. Our Quarterly timing models are targeting the 3rd quarter 2013 for a Directional Change and a Panic Cycle due the 3rd quarter 2014. Turning points appear to be 04/2013, 01/2014-04/2014, 10/2014, and 04/2015.

Our Monthly timing models show successive Directional Change targets 10-12/2013. A Panic Cycle is due 05/2013 and the turning points appear to be lining up for 11/2012, 01/2013, 03/2013, 05/2013, and 09/2013.



YEARLY LEVEL

YEARLY REVERSAL SYSTEM

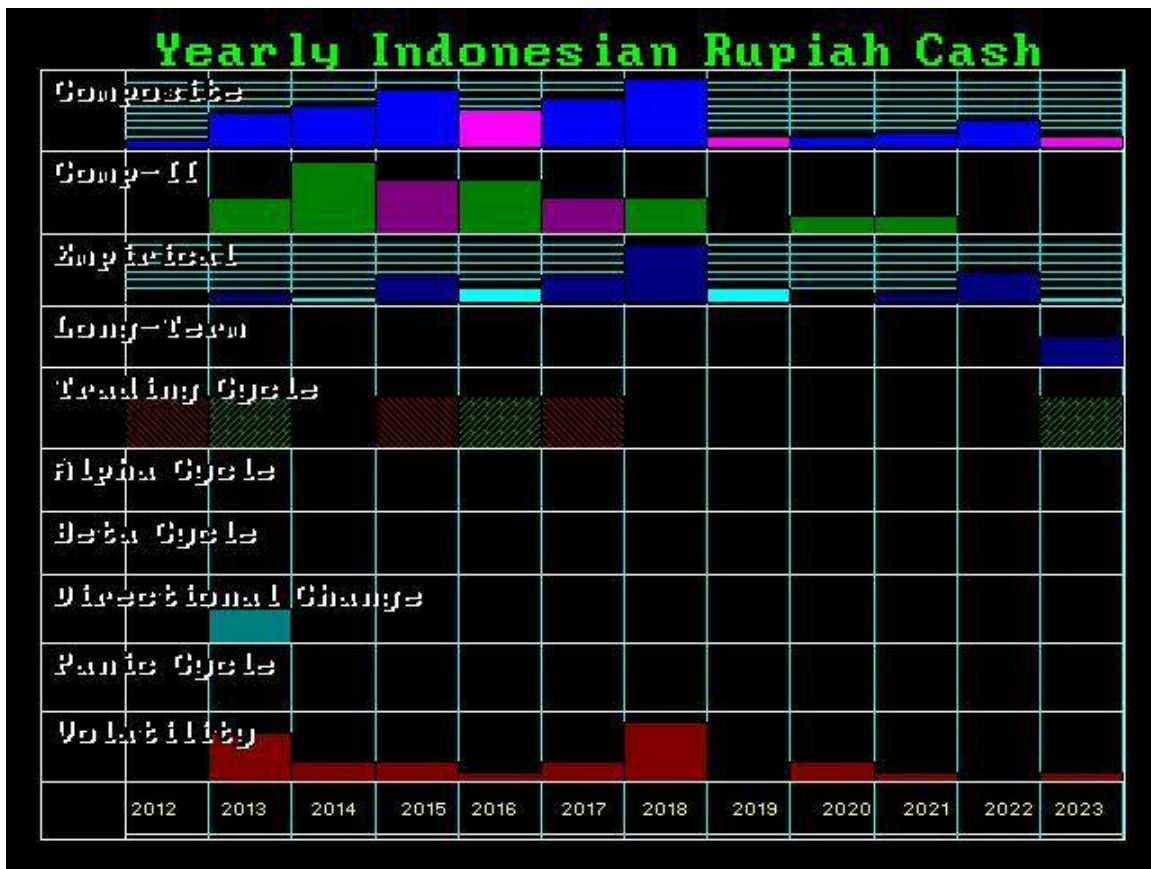
According to our Reversal System model, the Major Yearly Bullish Reversals stand at 10835 and 12535. Consequently, only a yearly closing above 10835 will signal that an immediate uptrend should unfold thereafter.

At this time, the Major Yearly Bearish Reversal is 8110. As a result, only a yearly closing below 8110 will signal that an immediate downtrend could unfold leading to a renewed bear market ahead.

Yearly Reversals

Major Bullish 10835 12535

Major Bearish 8110



YEARLY TIMING

Employing composite cycle analysis, the key years for a turning point in Indonesian Rupiah Spot will be 2014 and 2028.

Our Directional Change models indicate that a turning point is due the year of 2013.

Yearly Turning Points:

(2013), 2015, 2018, 2020, 2022, 2023

Yearly Indicating Ranges

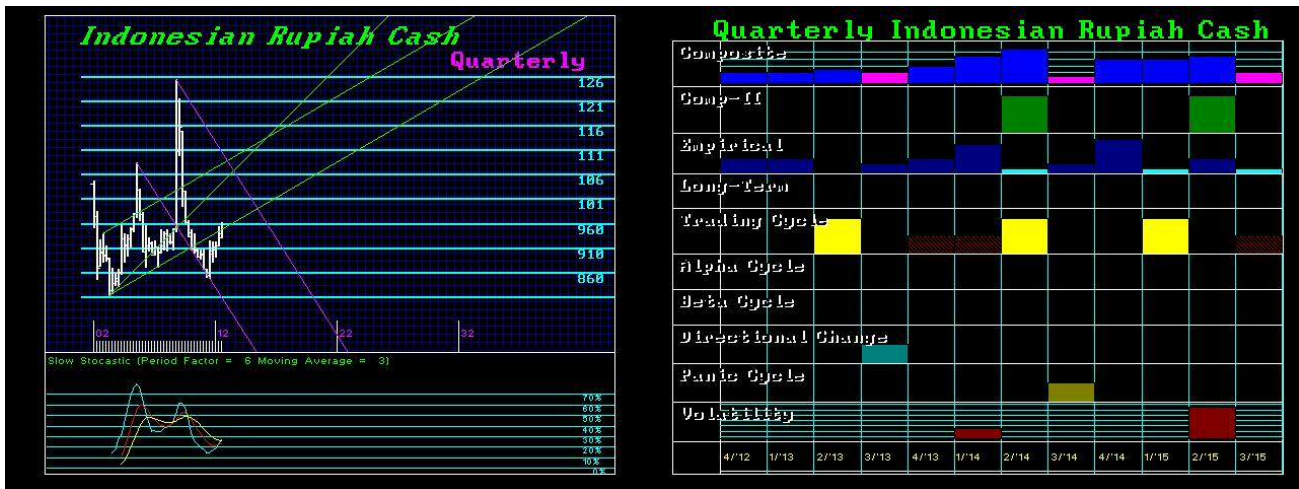
Date Momentum Trend Long-Term

2012 9575-8695 9316-9035 9460-8100

2013 8870-8455 9035-8200 9475-8100

2014 8465-8175 9240-9025 9316-8455

2012 MOMENTUM INDICATORS HLC 10283 8885 9141



QUARTERLY LEVEL

QUARTERLY REVERSAL SYSTEM

At this time, the Major Quarterly Bearish Reversal is 8445. Thus, only a quarterly closing below 8445 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 9013, 8800 and 8485. Thereupon, only a quarterly closing below 9013 will signal that a downtrend is likely to unfold.

On the Major level of our Reversal System, the Quarterly Bullish Reversal stands at 11485. Thus, only a quarterly closing above 11485 will signal that an immediate uptrend should unfold thereafter.

Quarterly Reversals

Major Bullish 8485 8870

Major Bearish 9013 8800 8485 8448

QUARTERLY TIMING

Using a composite of a variety of timing intervals, the key quarters for a turning point in Indonesian Rupiah Spot will be 05/2014 and 07/2021.

Our Directional Change models indicate that a turning point is due the quarter of 07/2013. Our Panic Cycle Models suggest that higher volatility is due the quarter of 07/2014.

Quarterly Turning Points:

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

Quarterly Indicating Ranges

Date Momentum Trend Long-Term

10/2012 9240-8470 9545-8688 9610-8906

01/2013 9295-8800 9316-9028 9520-9136

04/2013 9215-8906 9310-8979 9475-9050

QUARTERLY PATTERN RECOGNITION

If this quarter closes below 9361, 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 2012 MOMENTUM INDICATORS HLC 9448 9117 9361



MONTHLY LEVEL

MONTHLY REVERSAL SYSTEM

At this time, the Major Monthly Bearish Reversal is 8131. Consequently, a monthly closing below 8131 will signal that a serious downtrend is unfolding. Our model suggests that the Minor Monthly Bearish Reversals are found

at 9377, 9136, 8925 and 8485. It should be noted that one key reversal appears to be very important. We see that a monthly closing beneath 8485 would signal that a serious sell-off is likely to follow thereafter.

On the Reversal System, our Major Monthly Bullish Reversal is standing at 10621. Our model also highlights a Major Monthly Bullish Reversal standing at 10160. Therefore, only a monthly closing above 10160 will signal that an immediate uptrend should unfold thereafter.

Monthly Reversals

Major Bullish 10160 10621

Major Bearish 9377 9136 8925 8485 8131



MONTHLY TIMING

Employing composite cycle analysis, the key months for a turning point in Indonesian Rupiah Spot will be 05/2014 and 01/2015.

Our Directional Change models indicate that turning points are due the months of 10/2012, 11/2012 and 12/2012. Our Panic Cycle Models suggest that higher volatility is due the month of 05/2013.

Monthly Turning Points:

11/2012, 01/2013, 03/2013, 05/2013, 07/2013, 09/2013

Monthly Indicating Ranges

Date Momentum Trend Long-Term

10/2012 9240-8495 9310-8923 9520-9020

11/2012 9377-8800 9459-8905 9498-9003

12/2012 9310-8800 9453-8893 9535-8995

MONTHLY PATTERN RECOGNITION

If this month closes below 9510, 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.

OCTOBER MOMENTUM INDICATORS HLC 9549 9407 9510

A TECHNICAL OUTLOOK FOR THE INDONESIAN JCI COMPOSITE CASH STOCK INDEX



Our long-term outlook for the Indonesia JCI Composite Share Index shows important turning points ahead in 2014, 2016, 2018, and 2021. We have a Directional Change due in 2013 and a Panic Cycle in 2017 lining up with the currency. High volatility appears likely in 2016 and 2020 in line with the **Economic Confidence Model**. The Yearly Bearish Reversal rests at 1627700. This is well below the market warning that we still could see new highs ahead. This Index has remained in a bullish trend since the major low in 1986 and this means that 2012 is 26 years from that low where we have made new highs. To continue, we need to hold the Yearly Bearish Reversals and see new highs after 2014. Then we will be looking at a possible major high extending into 2017-2018 at the extreme.

The JCI Composite has continued to make new highs into 2012. There is a risk that 2012 could produce a temporary high for it has rallied for 17.2 years since the 1998 low and it is 26 years from the major low in 1986. With the Directional Change in 2013, caution is necessary at this time. A year-end closing ABOVE 3788565 will help keep the market still positive for now. We have a Monthly Bearish Reversal to watch at 3217950. Our Monthly timing models show a Direction Change due in October. Turning points thereafter will be 12/2012, 04/2013, 07/2013, and 08-09/2013.

On the Weekly level, we have a Weekly Bearish Reversal at 3848850 and 3628750. Electing these two Weekly Bearish Reversals will signal that we may have a high in place at least on a temporary basis. Key weeks will be

that of 10/22, 11/12, 11/26, and 12/24. We have a Weekly Directional Change 10/29 and a Panic Cycle 11/05 with also high volatility at that time. Therefore, we should show extreme caution in the JCI Composite at this time.



YEARLY LEVEL

YEARLY REVERSAL SYSTEM

The Indonesia JCI Composite Stock Index has remained in a bullish trend since 1998. The major low was in 1986 and this means that 2012 is 26 years from that low where we have made new highs. To continue, we need to hold the Yearly Bearish Reversals and see new highs after 2014. Then we will be looking at a possible major high extending into 2017-2018. As long as this market holds **ABOVE** 3217900 on a closing basis, then new record highs are still possible. Our Projected Bullish Reversal for this year stands at 4162956. Accordingly, a yearly closing above this area will signal that this market could continue to advance to new highs. However, a yearly closing below 4162956 will warn that the trend is perhaps neutral at best for the moment.

At this time, the Major Yearly Bearish Reversals are 3217900, 1627700, and 1244800. Hence, a yearly closing below 3217900 will signal that an immediate downtrend should unfold leading to a renewed bear market ahead.

Yearly Reversals

Major Bullish 4162956

Major Bearish 3217900 1627762 1244800



YEARLY TIMING

Employing composite cycle analysis, the key years for a turning point will be 2018 and 2039.

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 2017.

Yearly Turning Points:

2012, 2014, 2016, 2017-18, 2021, 2023

Yearly Indicating Ranges

Date Momentum Trend Long-Term

2012 665959-274080 1007495-507400 1089340-512478

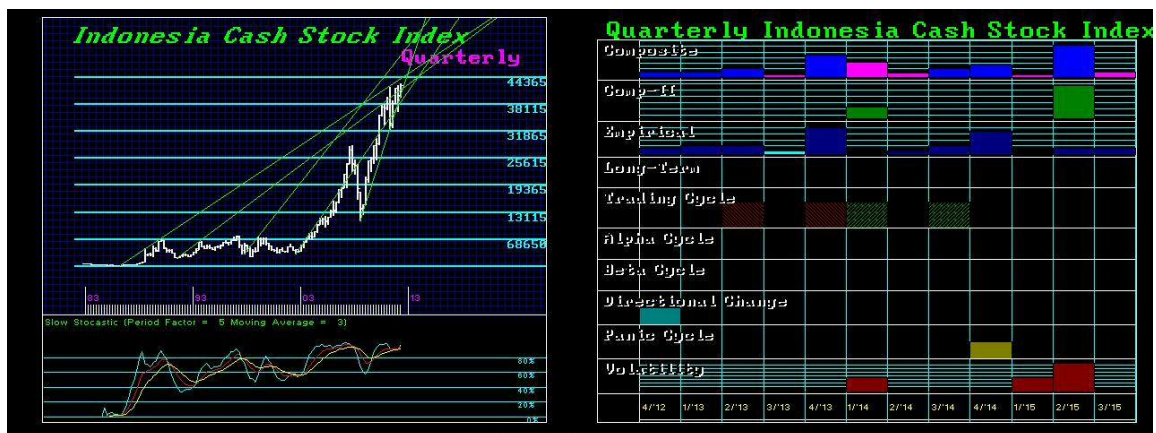
2013 951210-335694 1195550-376287 1244868-681940

2014 1170029-224706 1814257-255464 2431838-427019

YEARLY PATTERN RECOGNITION

If this year closes below 3361288, 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.

2012 MOMENTUM INDICATORS HLC 3514653 2298219 3361288



QUARTERLY LEVEL

QUARTERLY REVERSAL SYSTEM

The Indonesia JCI Composite Stock Index remains in an extremely tenuous position with 2012 presenting a possible high. To sustain the bullish trend, this market must hold **ABOVE** 3963469 on a quarterly closing basis. Failing to maintain this level will warn that new record highs are not possible right now. Our Projected Bullish Reversal for this quarter stands at 4240061. Therefore, a quarterly closing above this area will signal that this market may continue to advance to new highs. As long as this market remains below 4240061 on a quarterly closing basis, then the immediate trend is perhaps neutral at best for the moment. However, a quarterly closing **BELOW** 3963469 would imply that at least a temporary high is in place for now and that a retest of key support is likely to develop.

At this time, the Minor Quarterly Bearish Reversals are 3808689, 3217950, 2861225, 1592240 and 1515460. Thus, only a quarterly closing below 3808689 will signal that an immediate downtrend could become more dramatic in the near-term. The Reversal System indicates that our near-term Major Quarterly Bearish Reversals are found at 1012480, 598740 and 377700. Therefore, only a quarterly closing below 1012480 will signal that a downtrend is likely to unfold.

Quarterly Reversals

Major Bullish 3963469

Minor Bullish 4240061

Major Bearish 3963469 3217950 2861225 1592240 1515460 1012480 598740 377700

QUARTERLY TIMING

Using a composite of a variety of timing intervals, the key quarters for a turning point in Indonesia Cash Stock Index will be 01/2018 and 01/2019.

Our Directional Change models indicate that a turning point is due the quarter of 10/2012. Our Panic Cycle Models suggest that higher volatility is due the quarter of 10/2014.

Quarterly Turning Points:

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

Quarterly Indicating Ranges

Date Momentum Trend Long-Term

10/2012 3256442-1089340 3529854-1627762 3788565-1766935

01/2013 3309616-1244868 3789473-1472460 3808689-1859110

04/2013 3635283-1460039 3671181-1863365 3956776-2116166

4TH QUARTER 2012 MOMENTUM INDICATORS HLC 4225436 3802480 4131301



MONTHLY LEVEL

MONTHLY REVERSAL SYSTEM

At this time, the Minor Monthly Bearish Reversals are 3963465, 3781910, 3217950 and 2959754. As a result, a monthly closing below 3963465 will signal that an immediate downtrend could retest long-term support. When we look at the Major level, our Monthly Bearish Reversals are found at 2552854 and 2271209, followed by residues at 1102674. Therefore, a monthly closing below 2552854 will signal that a bear market is likely to unfold.

The Indonesia JCI Composite Cash Stock Index remains in an extremely strong position immediately. As long as this market holds **ABOVE** 4065690 on a monthly closing basis, then new record highs are still possible. The Monthly Bullish Reversal stands at 4365698.

Monthly Reversals

Major Bullish 4365698
 Major Bearish 2552854 2271209 1102674
 Minor Bearish 3963465 3781910 3217950 2959754



MONTHLY TIMING

The key month for a turning point will be 01/2014.

Our Directional Change models indicate that turning points are due the months of 10/2012, 06/2013, 07/2013 and 09/2013. Our Panic Cycle Models suggest that higher volatility is due the month of 07/2013.

Monthly Turning Points:

(10/2012), 12/2012, (02/2013), 04/2013, (06/2013), 07/2013, 08-09/2013

Monthly Indicating Ranges

Date	Momentum	Trend	Long-Term
10/2012	3838539-3529854	3956776-3635283	3997317-3704584
11/2012	3963469-3536662	4149709-3788565	4168745-3890550
12/2012	4109319-3309616	4183029-3590942	4195724-3789473

OCTOBER MOMENTUM INDICATORS HLC 4201855 4002415 4161568

A TECHNICAL OUTLOOK FOR THE JAPANESE YEN



Our long-term view in the Japanese yen appears often to be a paradox. As a nation implodes through the process of a **Long Depression**, the currency actually rises in value on world exchanges. Many too often assume that if a nation is imploding economically, its currency should inflate rather than deflate especially when its debt is rising excessively. This is one of the primary paradoxes that lead many to massive losses during periods of tremendous confusion created by a **Long Depression**.

The famous **Long Depression** was a worldwide economic recession, beginning in 1873 and running through 1896 that was 23 years in length. This is the ideal target for the duration of Japan bringing us to 2013. The outside timing ban can extend 26 years bringing us to 2016. However, 2013-2014 appears to be the more likely target for the demise of Japan.

Some have classified the famous **Long Depression** as beginning in 1873 extending into the spring of 1879 lasting 65 months. This shorter version was the primary phase transition just as was the case during the **Great Depression of the 1930s (1929-1932)**. That marks only the extreme first decline whereas the recovery that follows is what traders call the “**dead-cat-bounce**”. It was most severe in Europe and the United States, but is generally considered to have been a worldwide phenomenon. This followed a period of strong economic growth fueled by the **Second Industrial Revolution** in the decade following the American Civil War. This can be equated to the Japanese Miracle whereby the **Second Japanese Industrial Revolution** (post-Meiji) took place as Japanese manufacture began to dominate the world symbolized by their auto production in the 1970s & 1980s.

The **Long Depression** was a worldwide event becoming the second truly international crisis following the Panic of 1857 and materialized in the form of a private debt crisis. There had been excessive optimism following the American Civil War that had been driving booming stock prices in central Europe and America that had reached a fever pitch. There were rising concerns that this was a bubble economy with much doom & gloom at the time. Nevertheless, the **Long Depression** culminated in a **Panic of Vienna** beginning in April 1873 precisely where the Panic of 1929 had also began. The collapse of the Vienna Stock Exchange took place on May 8th, 1873 and continued until May 10th, when the exchange was then closed for 3 days. The crisis was at first assumed to have been confined to Austria-Hungary.



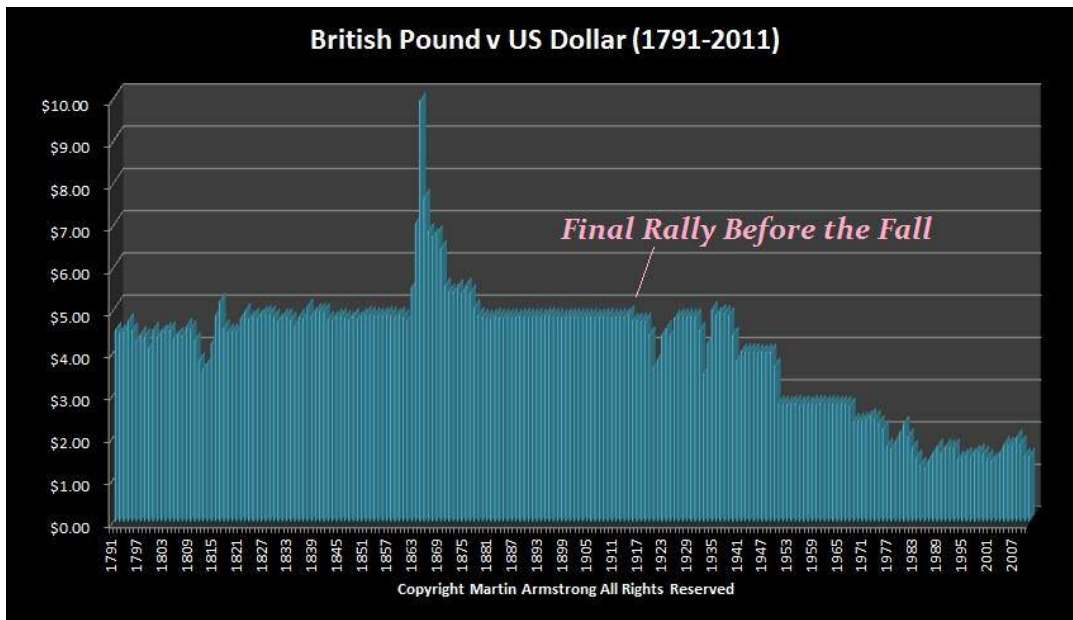
Maria Theresa Walburga Amalia Christina
(May 1717 – November 1780)

It is vital to understand why this crisis began in Austria as was the case with the Crash of 1929. The Austrian Empire was a modern era successor empire, which officially lasted from 1804 to 1867. The **Panic of 1873** was the start of the real decline and fall of that empire that had begun as the **Holy Roman Empire** (962-1806AD), overlapped by the **Habsburg Monarchy** (or Habsburg Empire) (1278–1780) that culminated with the reign of Maria Theresa (1717-1780) whose coinage became the monetary standard in world trade a status the yen did not reach. The Maria Theresa “**thaler**” was effectively the US dollar of its day. It was 1867 when the Austrian Empire became the Empire of Austria-Hungary, which was the breakup of Austrian Empire that became official with the **Austro-Hungarian Compromise of 1867** that established the dual monarchy of Austria-Hungary. The Compromise re-established the sovereignty of the Kingdom of Hungary, separate from and no longer subject to the Austrian Empire. Under the Compromise, the Austrian and Hungarian regions of the state were governed by separate parliaments and prime ministers. The Austro-Hungarian Empire (1867-1918) was itself dissolved by the victors at the end of World War I and broken into separate new states.

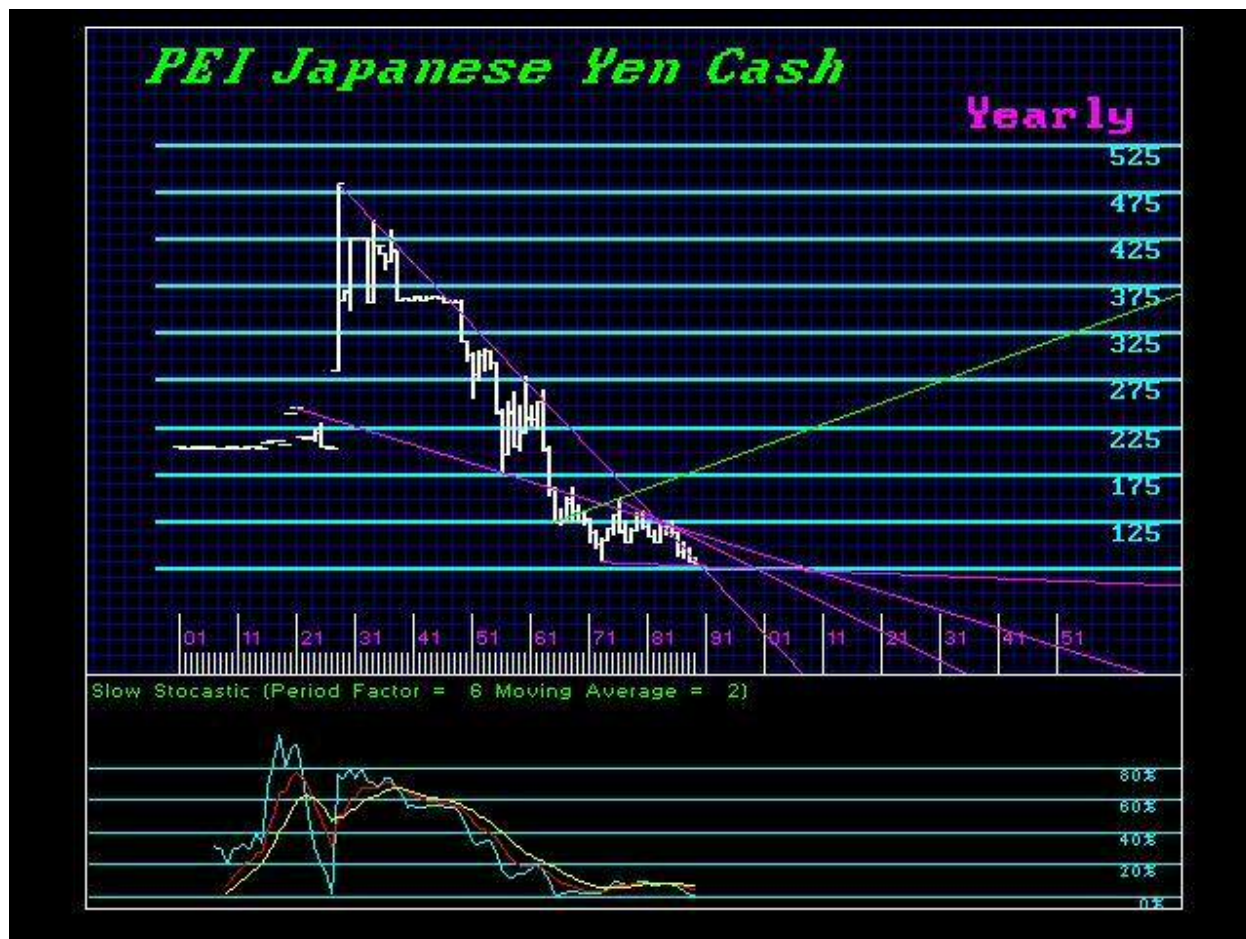
The **Panic of 1873** has been described as financial panic that finally arrived in America only several months later on **Black Thursday**, September 18th, 1873. It was marked by the failure of the banking house of Jay Cooke and Company over the Northern Pacific Railway after a bond issue for \$100,000,000 in capital for the company

proved unsalable. Once the confidence in private debt collapsed, it spread like wildfire creating a contagion that resulted in several other major bank failures. Even the New York Stock Exchange was forced to close for ten days on September 20th, 1873. The similarity with then and now is this time we are facing a Sovereign Debt Crisis where by the declining confidence is in the PUBLIC debt sector rather than private.

It was this Depression that was first called the “Great Depression” and it retained that designation until the Great Depression of the 1930s that was instigated by a **Sovereign Debt Crisis** that began also in Austria. It was most notable in the United Kingdom but overall it was a long drawn out affair that had been continuous from 1873 to as late as 1896 when the United States was on the verge of bankruptcy and J.P. Morgan had to raise a gold loan to save the credit of the United States. It was the **Long Depression** that extended beyond the first phase of 1873–79, that had been kicked off by the **Panic of 1873 that ran from October 1873 to March 1879 (65 months)** almost twice the duration of the **Great Depression of the 1930s** (34 months), and culminated in the **Panic of 1893**. Where the Long Depression was marking the shift in economic power away from the Austrian Empire, the **Long Depression** in Japan is marking the end of the Japanese Miracle.



We can see that despite the Long Depression and the fact that Britain was the hardest hit, the British pound did not crack. Yes there is the spike high against the dollar. However, this was caused by the abandonment of a gold standard in the USA during the Civil War. It is not a reflection of trends in Britain. Despite the Long Depression, the pound held its ground. It only collapsed with World War I. Therefore, despite the Long Depression in Japan, the yen has risen rather than declined. This is cause by a capital contraction whereby Japanese need money and bring home capital investment from overseas. This has kept the yen strong. It further fuels the economic decline creating real **DEFLATION**. There was a small rally in the pound just before its demise. This is what we remain looking for in the Japanese yen – that final capitulation. After that takes place, the yen will fall apart. First comes the **DEFLATION** and then when confidence collapses in the Japanese government, the yen will collapse as **Phase Two**.



YEARLY LEVEL

This year, after studying the recent price action, we have found that on the Yearly level of our system model in everything is bearish on both momentum and trend as far as the short-term is concerned relative to the dollar/yen. The low for the dollar/yen remains the week of 10/24/2011 at 7569. The intermediate indicators are also quite bearish for the dollar. This is warning that, immediately, resistance is standing overhead at 8492, 10126, 10143, 10723, 12415 and 12482 levels. We do have a Weekly Bullish Reversal for the dollar/yen at 8397 that should be watched carefully. Clearly, any rally must at least make an effort to exceed these points in order for the long-term perspective to shift into a bullish mode for the dollar (bearish yen) at this time. Any hopes of reversing the current trend back into a bullish mode on the short-term, depends entirely upon penetrating above these key resistance points in addition to the major Bullish Reversals for the dollar/yen.

When we analyze the broader picture, Cyclical Strength indications are in the bearish mode, along with both long-term momentum and long-term trend. This tends to suggest overall, that the downtrend is in full force just yet on the long-term system of the Yearly model looking at the dollar/yen just now. The primary support is mainly technical at this time. Resistance, nonetheless, is scaled in above the market at the following price levels: 15200, 25445 and 35817 right now.

YEARLY REVERSAL SYSTEM

Presently, our Reversal System indicates that the Minor Yearly Bullish Reversals are 11206, 11988, 14765, and 26280. Our model also highlights Major Yearly Bullish Reversals above the market at 14190, 15990, 27765, and 36232. Obviously, a yearly closing above 11206 will signal that a serious change in trend for Japan will be underway. Once the currency breaks and the dollar rallies against the yen, then the **Long Depression** in Japan will be over.

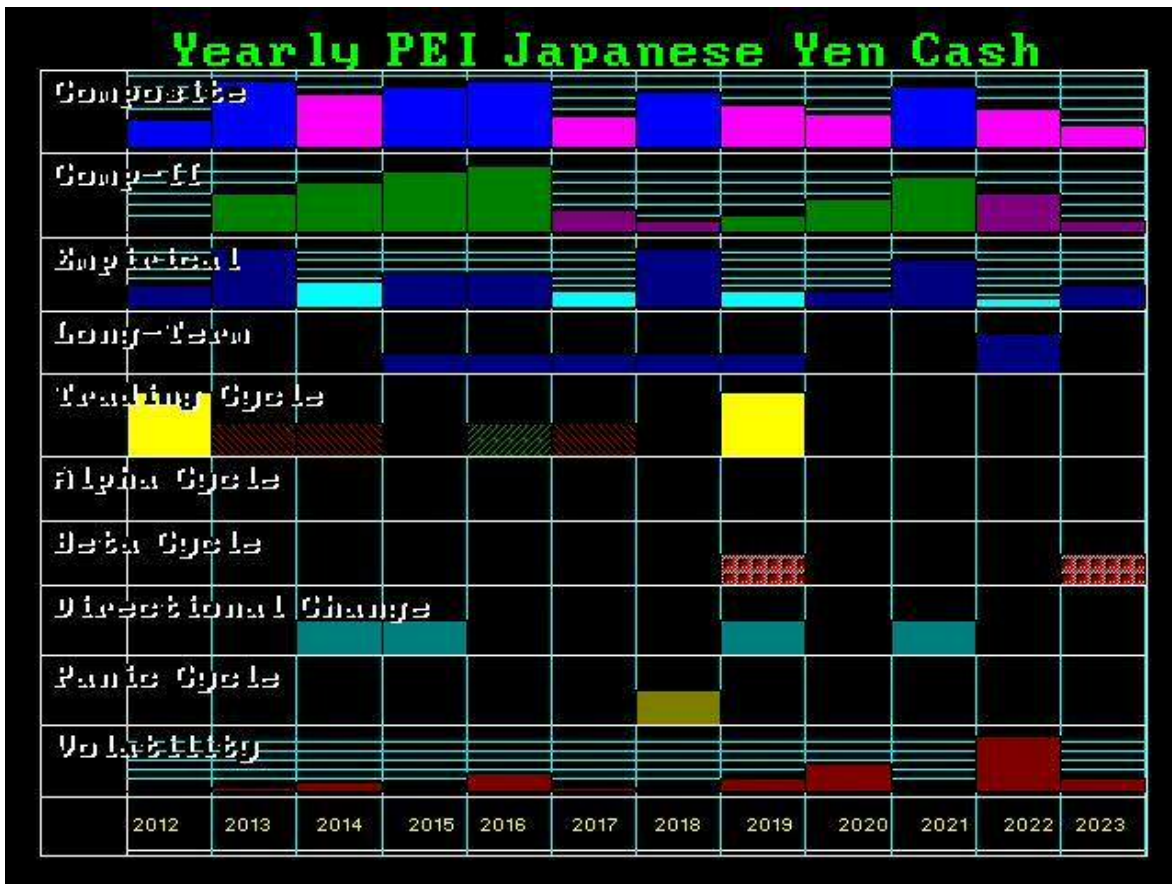
Our Minor Yearly Bearish Reversal lies at 8492. A year-end closing beneath this level will warn that new lows remain possible.

Yearly Reversals

Minor Bullish 11206 11988 14765 26280

Major Bullish 14190 15990 27765 36232

Minor Bearish 8492



YEARLY TIMING

On our empirical models, the ideal primary target for the next turning point on the yearly level, remains 2013, particularly since our last target objective of 2011 produced a low at 7560. 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 of the opposite direction should develop into 2016 which is the next key target objective. In the event that the low of 7560 is penetrated on an intraday basis prior to 2013, or the key Yearly Bearish Reversal is executed, then a cycle inversion would be implied.

Employing composite long range cycle analysis, the key years for a turning point in will be 2022 and 2042.

Our Directional Change models indicate that turning points are due the years of 2014, 2015, 2019 and 2021. Our Panic Cycle Models suggest that higher volatility is due the year of 2018.

Yearly Turning Points:

(2012), 2013, 2016, 2018, (2019), 2021, (2022)

YEARLY TECHNICAL OUTLOOK

RESISTANCE: 8147 10394 11065 18125

SUPPORT: 7534

TABLE #1

Yearly Technical Projections

2012...	7534	8147	10394	11065	18125
2013...	7508	7499	10081	10870	18365
2014...	7481	6850	9769	10675	18605
2015...	7455	6202	9457	10479	18845
2016...	7429	5554	9144	10284	19085
2017...	7402	4906	8832	10089	19325
2018...	7376	4258	8520	9894	19565

Yearly Indicating Ranges

Date Momentum Trend Long-Term

2012 12415-8492 12482-10126 15200-10143

2013 11206-8026 11505-8715 12125-9497

2014 11352-7560 12110-8492 13204-8551

2012 MOMENTUM INDICATORS HLC 9397 8026 8369



QUARTERLY LEVEL

QUARTERLY REVERSAL SYSTEM

The Reversal System immediately displays Minor Quarterly Bullish Reversals at 8397, 8915, 11065, and 11098. The Major Quarter Bullish Reversals are 11206, 11371, 12366, and 13381. Obviously, only a quarterly closing above 11206 will signal that a major change in trend is at hand.

The Quarterly Bearish Reversal lies at 7605. A Quarterly closing beneath this level will signal new lows for the dollar/yen cash currency.

Quarterly Reversals

Minor Bullish 8397 8915 11065 11098`
 Major Bullish 11206 11371 12366 13381
 Minor Bearish 7605

QUARTERLY TIMING

Using a composite of a variety of timing intervals, the key quarters for a turning point in will be 01/2018 and 10/2018.

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

Quarterly Turning Points:

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

Quarterly Indicating Ranges

Date	Momentum	Trend	Long-Term
10/2012	8827-7605	9776-7614	10899-8147
01/2013	8492-7560	9314-7770	11346-7941
04/2013	8816-7605	9376-7717	11446-8007

QUARTERLY TECHNICAL OUTLOOK

RESISTANCE: 9680 11911 12649

SUPPORT: 7343 5870

TABLE #2

Quarterly Technical Projections

10/2012...	5870	7343	9680	11911	12649
01/2013...	5692	7257	9591	11967	12612
04/2013...	5514	7172	9501	12023	12575
07/2013...	5337	7086	9412	12079	12538
10/2013...	5159	7000	9323	12135	12501
01/2014...	4981	6915	9234	12192	12463
04/2014...	4803	6829	9145	12248	12426

4TH QUARTER 2012 MOMENTUM INDICATORS HLC 8250 7697 8022



MONTHLY LEVEL

MONTHLY REVERSAL SYSTEM

Basis the Reversal System, the Minor Monthly Bearish Reversals are found at 7693 and 7558. Accordingly, a monthly closing back below 7693 will signal that a sell-off is likely to continue from here in the short-term. Nonetheless, a close below 7558 would be a new low. This would warn we could see a low in January, April, or August of 2013.

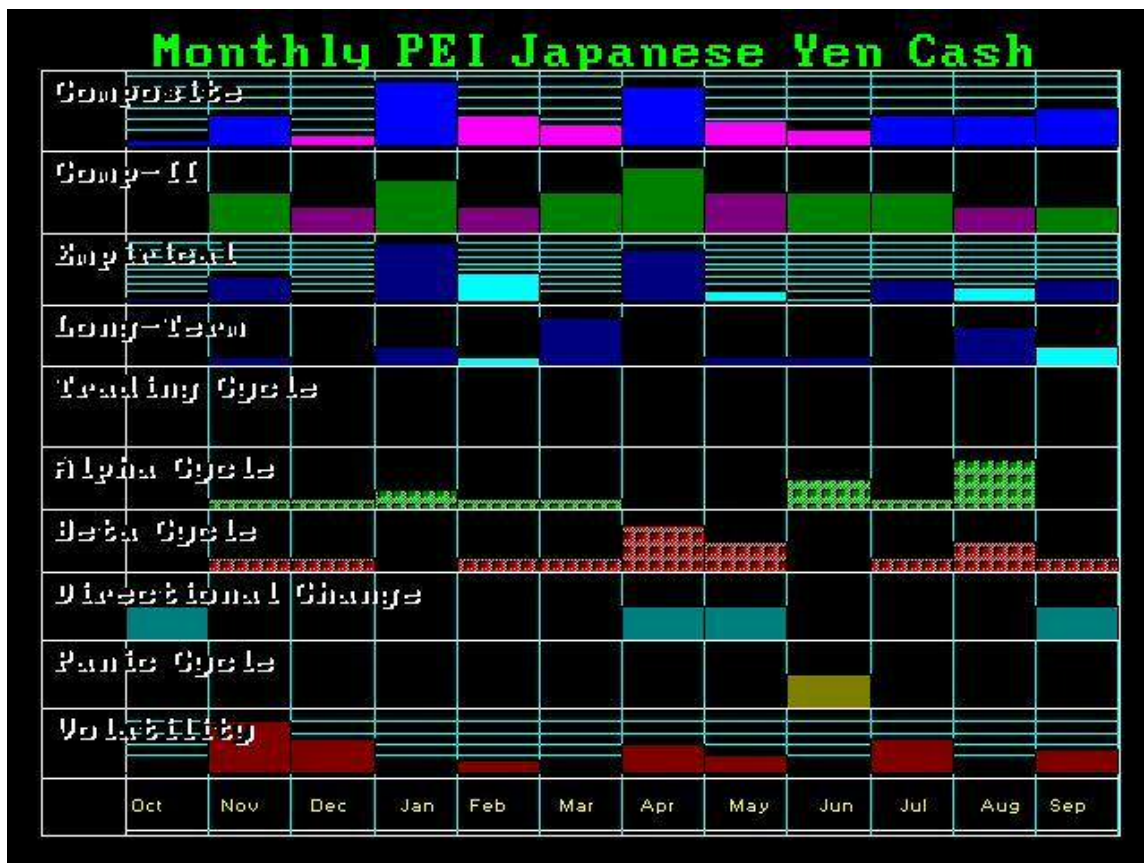
According to our Reversal System model, the Minor Monthly Bullish Reversals stand at 8329, 8915, and 9888. Our model also highlights Major Monthly Bullish Reversals above the market at 8915, 9342, 9497, and 11065. Consequently, a monthly closing above 8951 will signal that a reversal in the long decline for the dollar against the yen is over and that the land of the rising sun will then gradually sink into the horizon.

Monthly Reversals

Major Bullish 8915 9342 9497 11065

Minor Bullish 8329 8915 9888

Minor Bearish 8873 7693 7560



MONTHLY TIMING

Employing composite cycle analysis, the key months for a turning point in will be 12/2012 and 11/2015.

Our Directional Change models indicate that turning points are due the months of 10/2012, 04/2013, 05/2013 and 09/2013. Our Panic Cycle Models suggest that higher volatility is due the month of 06/2013.

Monthly Turning Points:

11/2012, 01/2013, (03/2013), 04/2013, (06/2013), 08-09/2013

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 7926 8588 8831 10903

SUPPORT: 7291

TABLE #3

Monthly Technical Projections

10/01...	7291	7926	8588	8831	10903
11/01...	7260	7856	8613	8890	10950
12/01...	7229	7786	8637	8949	10998
01/01...	7198	7716	8661	9009	11046
02/01...	7167	7645	8686	9068	11093
03/01...	7136	7575	8710	9127	11141
04/01...	7105	7505	8735	9186	11188

Monthly Indicating Ranges

Date Momentum Trend Long-Term

10/2012	8007-7614	8060-7783	8362-7797
11/2012	7965-7560	8060-7770	8290-7795
12/2012	7921-7660	8007-7717	8043-7797

OCTOBER MOMENTUM INDICATORS HLC 7964 7769 7810

A TECHNICAL OUTLOOK FOR TOKYO NIKKEI 225 CASH STOCK INDEX



Our long-term models recognize that the current bearish trend in Tokyo NIKKEI 225 Cash Stock Index may reach a final conclusion during 2013 possibly extending into 2014 or as late as 2015-2016. Our overall composite models are showing a turning point in 2015 which lines up with a 26 year Long Depression target with the **Economic Confidence Model** 2015.75. Our long-term outlook in Japan for the NIKKEI 225 Cash Stock Index has remained bearish since 1989.95. We do have two back-to-back Directional Change targets for 2013 and 2014. This provides reasonable caution that the low may come into play in 2013 sooner rather than later.

We are looking at a sharp increase in volatility starting in 2013 as it explodes into 2015. Volatility will rise again starting in 2018 and build into 2020, but it should remain high into 2023. It is possible that if the Nikkei fails to make new lows into 2013-2014, that it could extend the decline into 2015. Ideally, such a bear market reaches its conclusion within the 23 to 26 year window, which extends the bear market into 2015.75 with the top of the **Economic Confidence Model**. The target support lies at 6500-6100 followed by 4000-3800. This is further confirmed by our Yearly Bearish Reversals at 6957 and 4038. Therefore, reaching these price objectives within the ideal time frame will greatly enhance the prospect that the final low has at last been established.

Thus far, a reaction from the low of August 92 evolved over the last 10 months which has failed to exceed the previous important reaction high of 25255. Our reversal system models warn that the primary resistance stands at the 22053-20373 level. Only a weekly closing above the 22054 area combined with a monthly closing above 22373 will shift this market into amore bullish near-term position. Key support on our monthly models is lining up at the 16572 level. A month-end closing beneath this area will signal that the Nikkei will retest the August 1992 low in the months that follow. We still see the potential for this market to decline moving into a low during the first quarter of 1994. The only way to avoid an extended decline that would complete a 5 year bear market, demands that this index close at least above the 22373 level on a monthly basis followed by a year-end closing for 1993 above the 23902.



YEARLY LEVEL

This year in Tokyo NIKKEI 225 Cash Stock Index on the Yearly level, short-term momentum indicators are neutral. Short-term trend, on the other hand, is in a bearish posture. The intermediate indicators are also quite bearish along with short-term trend. This warns that while momentum may be neutral, we could be dealing with merely a temporary pause in trend. 22750 and 17019 are two intermediate levels of key overhead resistance. The only way to avoid a continued downtrend demands that a yearly closing above these areas must take place at this time. The market must also hold above 6995 at all costs or else clearly the selling pressure will resume. Taking a broader view of the market, we find that Cyclical Strength is bearish. However, long-term momentum is

in the bullish mode as is the case in point concerning the long-term market trend indicators for now. This is a rather important point. In order to avoid a resumption of the downtrend, Cyclical Strength must shift back to neutral. Otherwise, long-term levels of support will eventually be challenged in the near future. This suggests that support will be found under the market at the 7188, 6995, 6476, levels, while, currently, we see resistance scaled overhead at the following areas: 10299, 12196, 15157 and 30082 levels.

This year, after studying all price data, we have found that our short-momentum model on the Yearly level in Tokyo NIKKEI 225 Cash Stock Index at the close of 2011 was neutral. However, the immediate trend, short-term trend, intermediate momentum, intermediate trend, and the cyclical strength indicators are all bearish at the end of 2011. The fact that the cyclical strength indicator was bearish on our yearly model is quite an incredible. This is the only market worldwide where such a bearish indication on our cyclical strength indicator for 2011 was achieved. The only indicator in the Nikkei 225 cash index that was bullish at the end of 2011 was the long-term trend. This gives us some hope that we are nearing a major final conclusion to the bear market in Japan. Nonetheless, the 2008 low of 6995 must give way in order to reverse trend in this market. However, technical support lies at 6500-6100. Penetrating the 6000 level will warn that we could see a decline down to the 4000. Such a decline would be comparable to the collapse of the West share market from 1929 into 1932 where the Dow fell from 386 to 42. Here we would be looking at the Nikkei falling from 38957 to about 4000. Clearly this would not be a historical abnormal decline. Yet from a percentage standpoint, dropping from the 6000 level to 4000 is about a one third in the final price of this market. This would certainly shake out a lot of the institutional holdings remaining in Japan that will be necessary to reverse the trend in this market.

YEARLY REVERSAL SYSTEM

At this time, the Major Yearly Bearish Reversals are 6957 and 4038. Therefore, only a yearly closing below 6957 will signal that a immediate downtrend could unfold leading to a renewed bear market ahead. Our model suggests that the Minor Yearly Bearish Reversals are found at 7803 and 7604, followed by resides at 4359. It should be noted that one key reversal appears to be very important. We see that a yearly closing beneath 7803 may signal that a serious sell-off is likely to follow thereafter.

Looking at the long-term level of our Reversal System, the Minor Yearly Bullish Reversals are 13129, 15157, 20833, and 23902. Our model also highlights Major Yearly Bullish Reversals above the market at 19036, 21573, and 26646. Accordingly, only a yearly closing above 13129 will signal that a reversal in the downtrend is thereafter likely.

Yearly Reversals

Major Bullish 19036 21573 26646

Minor Bullish 13129 15157 20833 23902

Major Bearish 6957 4038

Minor Bearish 7803 7604 4359



YEARLY TIMING

YEARLY TIMING

On our empirical models, the ideal primary target for the next key cycle turning point appears to be 2013-2014, 2015-2016, 2018, 2020, and 2022. We have a Directional Changes due in 2013 and 2014. High volatility appears to be in 2015 followed by 2018 building into 2020. Clearly, our most important turning points will be 2013-2014, 2015, 2018, and 2022.

Utilizing a composite structure in cyclical timing analysis, the key years for a turning point in Japanese NIKKEI 225 Cash Stock Index will be 2022 and 2025. Our Directional Change models indicate that a turning point is due the year of 2014 and this should be watched very closely.

Employing composite cycle analysis, the key years for a turning point in Tokyo NIKKEI Cash Stock Index will be 2014 and 2025.

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

Yearly Turning Points:

2013-2014, (2015-2016), 2018-2019, 2021, 2022

YEARLY TECHNICAL OUTLOOK

RESISTANCE: 16682 20750
 SUPPORT: 8220

TABLE #1

Yearly Technical Projections

2012... 6430, 8297, 9445, 13117, 21363
 2013... 6507, 8374, 10058, 13730, 21975
 2014... 6584, 8451, 10670, 14342, 22588
 2015... 6661, 8528, 11283, 14955, 23200
 2016... 6738, 8605, 11895, 15567, 23813
 2017... 6815, 8682, 12508, 16180, 24426
 2018... 6892, 8759, 13121, 16792, 25038

Yearly Indicating Ranges

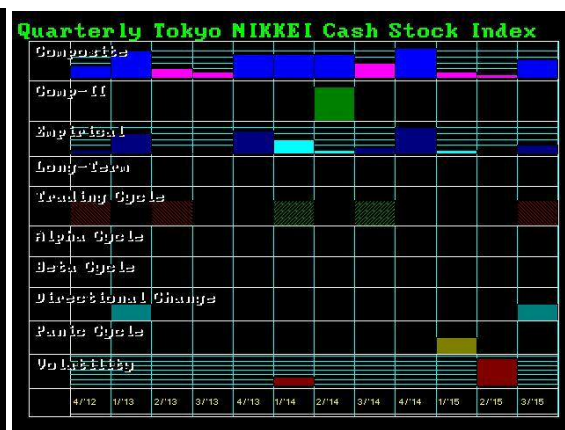
Date Momentum Trend Long-Term

2012 17019-6995 22750-10299 30082-12196
 2013 16446-7021 19782-10767 20910-10771
 2014 17352-8796 17563-11408 21121-12787

YEARLY PATTERN RECOGNITION

According to our pattern recognition models we see that a possible outside reversal may be due in 2017.

2012 MOMENTUM INDICATORS HLC 11021 7984 9743



QUARTERLY LEVEL

QUARTERLY REVERSAL SYSTEM

At this time, the Minor Quarterly Bearish Reversal lies at 7021. A quarterly closing beneath this level will point to the final collapse in the Nikkei 225 is starting to unfold. The Major Quarterly Bearish Reversals lie at 7803, 6890,

6865, 6583, 6503, 6476, 6066, 5404, 4924, and 3849. As a result, a quarterly closing below 7803 will signal that the final decline is under way. The lowest quarterly closing so far has been 8110.

The Reversal System immediately displays Minor Quarterly Bullish Reversals at 11457, 11975, 17489, and 18300. Our model also highlights Major Quarterly Bullish Reversals above the market at 18623, 20025, 20700, and 20910 followed by 21262. Therefore, only a quarterly closing above 11975 will signal that an immediate uptrend should unfold thereafter and that the low may then be in place.

Quarterly Reversals

Major Bullish 18623 20025 20700 20910 21262

Minor Bullish 11457 11975 17489 18300

Major Bearish 7803 6890 6865 6583 6503 6476 6066 5404 4924 3849

Minor Bearish 7021

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 07/2013-10/2013, 04/2014, 10/2014, and 04/2015.

Using a composite of a variety of timing intervals, the key quarters for a turning point in Tokyo NIKKEI 225 Cash Stock Index will be 05/2014 and 04/2020.

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 01/2015.

Quarterly Turning Points:

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

QUARTERLY TECHNICAL OUTLOOK

RESISTANCE: 12099 14962

SUPPORT: 8760

TABLE #2

Quarterly Technical Projections

07/2012... 8760 12099 14962

10/2012... 8544 11804 14842

01/2013... 8329 11509 14723

04/2013... 8114 11214 14603

07/2013... 7899 10918 14483

10/2013... 7683 10623 14363

01/2014... 7468 10328 14243

Quarterly Indicating Ranges

Date Momentum Trend Long-Term

07/2012 11161-8360 13603-8796 15616-9807

10/2012 10394-6995 11457-8136 16533-9124

01/2013 10255-7021 10892-8228 16999-8349



MONTHLY LEVEL

On the Monthly level, short-term momentum indicators are neutral. Short-term trend, on the other hand, is in a bearish posture. The intermediate indicators are also quite bearish along with short-term trend. This warns that while momentum may be neutral, we could be dealing with merely a temporary pause in trend. 9850 and 9319 are two intermediate levels of key overhead resistance. The only way to avoid a continued downtrend demands that a month-end closing above these areas must take place at this time. The market must also hold above 8239 at all costs or else clearly the selling pressure will resume. Our long-term outlook for the Nikkei 225 still shows that new lows are entirely possible going into 2013. A monthly closing BELOW 7406 should signal new lows ahead.

Right now, the longer-term view shows that the Cyclical Strength, is currently bearish, along with long-term momentum, while long-term market trend indications are neutral. We see support, therefore, at 8239 and 7850 levels. Resistance, on the other hand, stands at 8780, 8860, 9044, 9124, 9866 and 9867 right now.

MONTHLY REVERSAL SYSTEM

Our Reversal System that the Minor Monthly Bullish Reversals exist at 11457, 14601, 17489 and 17783. Our Major Monthly Bullish Reversals stand at 14105, 14605, 17305, and 18298. Therefore, only a monthly closing above 14605 will signal that a bullish change in trend is unfolding.

At this time, the Major Monthly Bearish Reversal is 7091. Consequently, only a monthly closing below 7091 will signal that an immediate downtrend could retest long-term support. Presently, the Minor Monthly Bearish Reversal resides at 7021, 7406, 7850, 8085, and 8136. Consequently, only a monthly closing below 8136 will signal that an immediate downtrend should unfold thereafter whereas a closing below 7406 will point to new record lows.

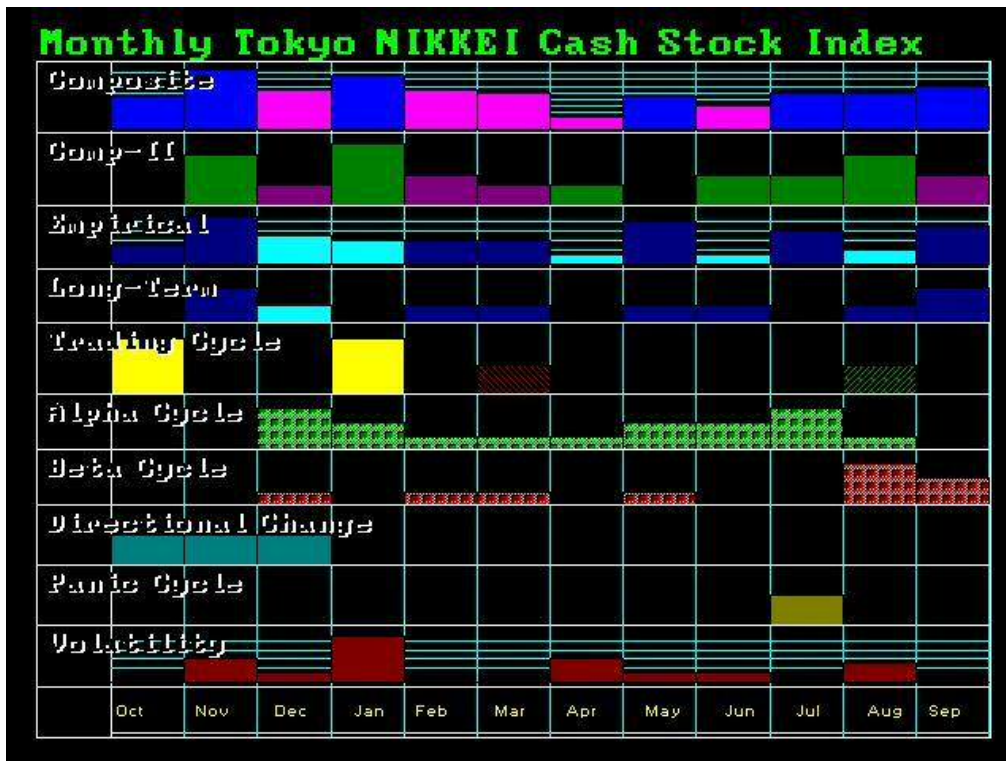
Monthly Reversals

Major Bullish 11457 14105 14601 17302

Minor Bullish 10171 10208 10621 10708 10768

Major Bearish 7091

Minor Bearish 8228 8136



MONTHLY TIMING

Employing composite cycle analysis, the key months for a turning point in Tokyo NIKKEI Cash Stock Index will be 04/2014 and 05/2014.

Our Directional Change models indicate that turning points are due the months of 10/2012, 11/2012 and 12/2012. Our Panic Cycle Models suggest that higher volatility is due the month of 07/2013.

Monthly Turning Points:

(10/2012), 11/2012, 01/2013, (03-04/2013), 05/2013, 07/2013, 08-09/2013

MONTHLY TECHNICAL OUTLOOK

RESISTANCE: 11068 16138 17508

SUPPORT: 7449

TABLE #3

Monthly Technical Projections

10/01...	7449	11068	16138
11/01...	7277	11057	16104
12/01...	7104	11046	16071
01/01...	6932	11034	16037
02/01...	6760	11023	16003
03/01...	6588	11012	15969
04/01...	6416	11000	15936

Monthly Indicating Ranges

Date Momentum Trend Long-Term

10/2012 9319-8239 9850-8780 9866-9044

11/2012 9919-8328 10208-9136 10255-9509

12/2012 10040-8619 10183-8645 10190-9290

OCTOBER MOMENTUM INDICATORS HLC 9238 8539 8786