



**TEDBITS**  
THE ECONOMIC & FINANCIAL NO SPIN ZONE!  
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MANAGED FUTURES & ALTERNATIVE INVESTMENT SPECIALISTS

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Hello, My name is Ty Andros and I would like to show you how to capture the opportunities discussed in my commentary. Click here and I will prepare a complimentary, no obligation custom-tailored set of portfolio recommendations designed to specifically meet your investment needs. [Click Here.](#)

## Foreword

For greater insight into our publication, have a look at the [Overview of Tedbits](#). It helps current and potential subscribers understand our mission in serving you. It also gives a broad description of what's unfolding globally and what you can expect from Tedbits as a regular reader.

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## Introduction

Wowee, things sure are unfolding quickly. Volatility is front and center as confusion reigns supreme in the broad investing public, driving them all over the place except to where they should be focusing. "Volatility is opportunity" and it is abundant, providing prepared investors with gargantuan opportunities. If you are not benefiting from it, "do more homework" or find a new advisor who does. The bear market in PAPER assets, or those underpinned by them, are in full retreat creating GIANT "fingers of instability" (see Tedbits archives at [www.TraderView.com](http://www.TraderView.com)) which provide opportunities for astute investors. The reflation game is just beginning – it is in the early innings (2<sup>nd</sup> or 3<sup>rd</sup>) – and the ballgame is the unfolding "Crack up Boom." The credit crisis is set to move beyond Wall Street onto Main Street over the next six months exacerbating the collapse in income throughout the G7, as illustrated by the WOLF WAVE pattern detailed in a chart in the *Tedbits 2008 Outlook* (see Tedbits archives at [www.TraderView.com](http://www.TraderView.com)).

The pauses that refresh the investment themes that accelerated at the stock and credit market peaks last summer are now beginning to re-establish themselves. Crude Oil would appear to have finished its corrective activity and if it finishes on Friday evening (weekly charts instead of daily, April 11<sup>th</sup>) where it closed last night (Wednesday, April 9) it will signal a quick move to \$120 to \$125 dollars a barrel SOON! Do you really think gold can go down for long if crude oil does not? They don't call it BLACK GOLD for nothing. A barrel of crude oil is roughly the same price today as priced in gold as it was a decade ago, fifty years ago and during the great depression. They are hooked up at the belly

button. Gold is still correcting and is off the highs by 10%, while crude is breaking higher with projections 10% higher. Gold is on sale at the bargain basement.

The reflation of the financial sector has hardly begun and it is in its infancy. Money supplies (money with zero maturity and reconstructed M3) are growing gangbusters and will continue to do so. Leviathan government throughout the G7 is expanding at high single-digit rates and, as the G7 no longer creates wealth but consumes it at ever more aggressive rates, the FIAT currency and credit creation are set to at least stay at current levels and will probably have to accelerate to meet the deficit spending requirements of Mandarins in Capitals throughout the G7. The IMF and World Bank are convening in Washington this weekend to hatch their plans to what else? PRINT MORE MONEY out of thin air to underpin the financial and banking sectors. Robbing their very own citizens and those who hold their currencies of the value in those currencies while they sit in the BANK!

Monetary policy is no substitute for proper fiscal policy and that is where the heart of the problem rests. Unless they change course in an aggressive manner and unleash behavioral policies to stimulate the creation of wealth (there is no chance of this as there is no constituency for it anywhere within the G7) we are now set to repeat:

### That 70's show

During the 1970's an ECONOMIC storm erupted in the United States as runaway regulations, inflation and taxes virtually destroyed the economy's ability to grow. As things got worse and worse, the laws of unintended consequences propelled public servants into huge mistakes in monetary and fiscal policy. As public servants are creatures of command and control when things do not go as they wish, they go back to their core "instincts" in the belief that they can write a little piece of paper called a regulation or law and change the laws of nature and man. So what they do is attempt to control EVERYTHING, and as they do they set in STONE economic FAILURE.

Destroying incentives to produce and the ability to innovate, they find better ways of doing more for less (definition of capitalism) and create wealth; which is what drives rising living standards and an expanding middle class. It is clear that those lessons have now been forgotten and are now going to be relearned the hard way. Americans all agree that the President, whose approval ratings are at 25%, and congress, whose approval ratings are below 20%, are on the wrong track economically.

Since history is no longer taught and economic history is just for us OLD FOGIES, no one really remembers that period except the parents of the baby boom generation. In the early 1970's Richard Nixon was dealing with the guns and butter policies he inherited from Lyndon Johnson and a period which marked the creation of massive new entitlements known as Medicare and Medicaid, as well as a costly foreign war against the Boogey Man then known as Communism. Due to massive US government deficits and the war fiat dollars were ROLLING off the presses as fast as they could be created, currency debasement was ripping at the dollar.

Nixon closed the gold window, as he had to, to avert a run on the treasury and its gold as foreign governments were demanding their money in Gold! Bretton Woods II was convened and the floating abomination of a system we have today was born. If you look at the pattern of the year, the

Wolf Wave (see the *2008 Outlook* at Tedbits archives at [www.TraderView.com](http://www.TraderView.com)), you will notice that this is when it was BORN; destroying the last vestiges of gold backing to G7 currencies.

This was not hard to achieve as public servants in all countries love to print MONEY which they can then use to buy constituencies, reward supporters and secretly confiscate their citizen's wealth through currency debasement and deficit spending. Think of it as another way to raise and collect taxes that most people never understand. Federal Reserve Chairman Arthur Burns invented the concept of "core" inflation with the cost of "food and energy" removed. So, since the inflation numbers stunk they decided to remove those stinkers which impact us all. Now they do this same thing to these and myriad other categories as well, lying with numbers has become politically correct to make the public believe they are doing a good job.

The "something for nothing" personality was MAD as living standards were declining, as they were paying more for less of everything and inflation had them on the war path to stop those greedy corporations and "foreign devils" from destroying their lives. Corporations, small businessmen and the RICH were greedy and needed to be punished for their SIN of working hard, saving and leading prudent lifestyles. They wanted CHANGE, free goodies from government and ECONOMIC security all courtesy of PUBLIC SERVANTS and expanded government. They elected public servants to congress with that mission statement.

THEY GOT WHAT THEY WISHED FOR AS STRAIGHT JACKET REGULATIONS, INCREASING TAXES AND MANDATED BENEFITS DESCENDED ON THE PRIVATE SECTOR.

Taxes skyrocketed to pay for free lunch programs, health care and the private sector mandates of wages and benefits from Washington which created runaway inflation to PAY for it. Economic students learn in Econ 101 that there is a law of nature called TANSTAAFL (There ain't no such thing as a free lunch). Somebody always pays. *Name one public servant PROMISE that has reached YOU?* Government control of the private sector rose relentlessly as did taxes. OSHA (Occupational Safety and Health Agency) and numerous other alphabet agencies wrote and implemented endless new regulations and mandated the smallest details of everyone's life. Zillions of words were added to the tax code to reward supporters, torture their competitors and those that produced wealth. Loop holes galore, bought and paid for with campaign support.

To be productive and create wealth was a ticket to punishment; so there was always less of it as to do so NEVER PAID OFF. The public always wished for an end to declining living standards and runaway inflation and the public servants and government always delivered more of it. Destruction of the economy of the United States at the hands of public servants and government was a one way freight train.

At its end when Jimmy Carter was elected president on a platform of "Change and Hope" inflation was AT LEAST 8% and by the end it was 15 to 18%, gold hit its high of \$850 and crude oil hit highs that only recently were exceeded. Government was torturing the private sector and taxes, which had risen to confiscatory levels, combined with the silent tax called inflation made life difficult and REAL living standards were declining rapidly. By the end of Jimmy Carter's reign of terror people only held approximately 10 to 20% of their holdings in paper. Jimmy was a peanut farmer, one of those hardy souls who rely on government subsidies just as the sugar growers do. He knew the government printing presses well for both directions. If your wealth was to be preserved, it had to

be placed in “things” that could not be printed. The public had learned the art of self defense from the policies of government, and it's a lesson they will relearn soon.

*Well guess what? By my calculations it is 1972!*

In conclusion: We are descending into a repeat of the history of those times, only far worse. The public is mad but unable to understand anything past short phrases and simple meanings as they have been dumbed down.

The media has painted the policies of the government of George Bush as that of Ronald Reagan, when in reality Pinocchio is Jimmy Carter or WORSE. Government regulations have almost doubled but George is hard at work with over 200,000 bureaurats, er, bureaucrats busily writing new ones to reward his SUPPORTERS in the final rush of a lame duck. The supplement business is about to be regulated into the hands of BIG pharmaceutical firms after nary a problem for centuries to PROTECT YOU! You can expect cost increases of 1000%. Taxes and fees are HIGHER than when he took office and the government has grown by 60%. The unfunded liabilities have grown from \$20 trillion dollars to almost \$60 trillion since he took office and the national debt which is acknowledged has risen from under \$5 trillion to almost \$9 trillion.

If you stand for what Reagan stood for -- less government, less taxes, less inflation, less regulations, capitalism, personal freedom, wealth creation and expanding middle classes -- you have no chance of being elected (there is only a constituency for more of the same) and you are looked at as if you are insane, just ask Ron Paul. So “Free, Free, Free” in exchange for a vote for me is the chant from the election trail.

Nobody remembers the 70's, its causes and cures. There is one major difference between then and now: The US was the greatest CREDITOR nation in the world and had savings for a rainy day. Conversely, today the US is the world's greatest DEBTOR and it's raining!

Mandated benefits and wages, FREE healthcare, destruction of the export industry, higher taxes and job-killing protectionism are set to increase EXPONENTIALLY. The Colombian Free Trade Agreement which lowered tariffs on our EXPORTS to them was shelved by those wonderful Mandarins in Washington DC. Columbia can already export to the US tariff free; it would have been BOTH ways. It would have created lots of JOBS for manufacturers in Ohio, Michigan and the whole country.

Exports are one of the few bright spots of a lower dollar, unfortunately it would appear that the public servants don't want those jobs for Americans and customers for American businesses. So as wealth creation suffers another withering blow from populism they will have to substitute the printing presses for income and tax growth which will find friendlier places from which to operate. Since the US and the G7 have de-industrialized themselves and our supplier's currencies are rising, inflation is now being imported and the deflationary era that once was is over. The G7 no longer has a manufacturing base or the ability to produce many of the goods they consume.

The credit crisis is in the second inning as about \$200-225 billion dollars has been recognized and there is three times more blood to be spilled before it is estimated to be complete. Interest rates are profoundly negative. Reflation and inflation is the order of the day, week, month and decade to

come. The only solutions that these economically illiterate G7 leaders know are: PRINTING MONEY and deficit spending, which returns a dime for a dollar, as fiscal policy changes are all along the lines of the current G7 administrations only more of all of it. The G7 capitals of Brussels, London, Paris, Madrid, and Berlin are a chorus to these policies. *Taking from the most productive in society and feeding it to the weakest. This is cannibalism of the worst variety.* Consuming more than you produce is against the laws of nature; it is the definition of socialism and the policy of INSOLVENCY. Creating policies of growth is not being considered ANYWHERE in the G7; only considered is the growth of the money supply which creates the illusion of growth, but alas it is only inflation.

So inflation is set to go to the moon and unemployment is set to skyrocket as the Wolf Wave signals the unfolding collapse of income in the G7 as a result of public policies. The markets are set to move BIG TIME from these policies. Energy, food, everything is about to shoot higher. The producer price index is signaling inflation in the pipeline of over 6%, meaning fewer profits to be available for higher wages, future investment and tax remittances. Higher prices for everything are in the near future. Capital gains taxes (not indexed to inflation) are set to be increased by 30% and the biggest tax hike in history is set for 2010. Income short consumers are set to DEFAULT on their unsecured obligations and the big three automakers are going to have to deal with 20% falls in demand. What will they do? PRINT the money. The solution to these problems, reduction of government, is NEVER even considered and won't be.

So inflation is the only solution and is the POLICY of GOVERNMENT. The socialization of the risks of the banking and financial systems has commenced. Investment and money center banks are packaging up their trash lending into CDO's and being sent directly to the fed lending windows. Public servants are proposing lowering borrowing requirements back to those which created the sub prime crisis in the first place (practically ninja with virtually no money down), applying GOVERNMENT guarantees to the lenders and handing the tab to the taxpayer -- now through the printing press and later to bail out the deadbeat borrowers which believed they can have "something for nothing" and are entitled to it because they live in the G7.

The "Crack-up Boom" is moving into a higher gear. Taking investment for the future and feeding it to the least productive and robbing the children of their futures. The emerging world's public servants are focused like a laser beam on economic growth, wealth creation and a bigger economic pie while the G7 public servants are focused on securing power over others and redistributing a shrinking economic pie. Volatility is opportunity and it is set to explode. Learn to short circuit the printing presses and set your investment sails to capitalize on these unfolding REALITIES.

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Tedbits is authored by Theodore "Ty" Andros, and is registered with TraderView, a registered CTA (Commodity Trading Advisor) and Global Asset Advisors (Introducing Broker). TraderView is a managed futures and alternative investment boutique. Mr. Andros began his commodity career in the early 1980's and became a

managed futures specialist beginning in 1985. Mr. Andros' duties include marketing, sales, and portfolio selection and monitoring, customer relations and all aspects required in building a successful managed futures and alternative investment brokerage service. Mr. Andros attended the University of San Diego, and the University of Miami, majoring in Marketing, Economics and Business Administration. He began his career as a broker in 1983, and has worked his way to the creation of TraderView. Mr. Andros is active in Economic analysis and brings this information and analysis to his clients on a regular basis, creating investment portfolios designed to capture these unfolding opportunities as they emerge. Ty prides himself on his personal preparation for the markets as they unfold and his ability to take this information and build professionally managed portfolios and developing a loyal clientele.

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