



TEDBITS
THE ECONOMIC & FINANCIAL NO SPIN ZONE!
BY TY ANDROS OF TRADERVIEW.COM
MANAGED FUTURES & ALTERNATIVE INVESTMENT SPECIALISTS

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Foreword

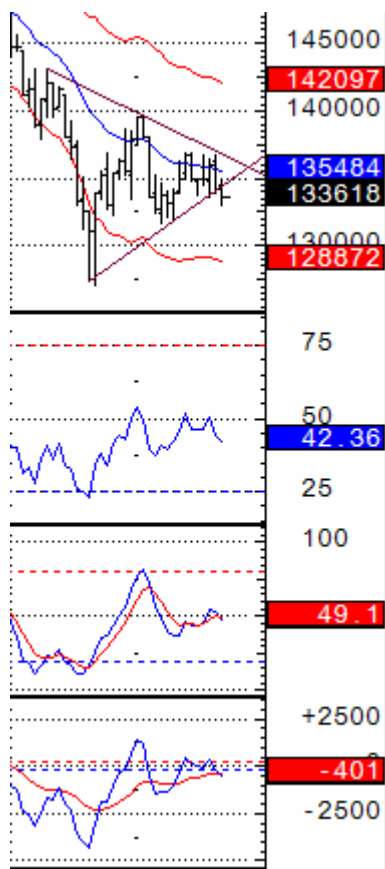
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In This Issue Crossroads!

Volatility continues to expand at a blistering pace, wonderful isn't it? Volatility is opportunity for the prepared investor. This week's missive will be a little shorter than most as I have had a very bad flu. A number of markets are tipping their hands signaling another round of re-pricing in many markets, further signaling abundant opportunities DEAD ahead. We will cover a few here today. Next week we will address why commodities are not in a bubble in a definitive way - don't miss it! *Global Decoupling is still proceeding; it is just navigating a rough patch. You can see its outline clearly.*

I am going to cover the market tea leaves today, it's an interesting picture. We are going to cover the S&P 500 which is coiled like a spring and doing something which it rarely does. Then we are going to migrate to interest rates, gold and crude oil, then give you a peek at the next shoe to drop in emerging FEAR. Fear is wonderful for investors as it drives prices which create opportunities for invest. I love the word FEAR; it's an acronym if you didn't know: FALSE EVIDENCE APPEARING REAL! When it emerges markets MOVE fast!

First up is the analysis of the S&P 500 which is in the process of doing something it has only done 4 times in the last 10 years and 6 times in the last twenty years. It is coiled like a spring and when it breaks out of this pattern it is going to run like deer. Let's look at the pattern:



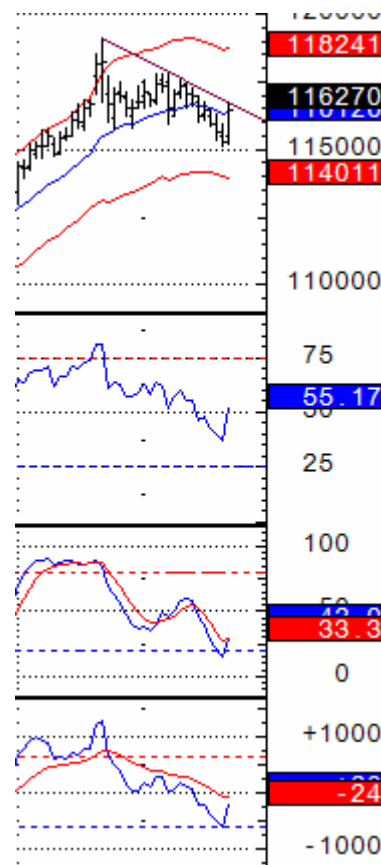
S&P 500

When we break out of this pattern it will signal a move of 160 S&P points in the direction of the breakout, *a 13% move*. This is a clean and easily identified pattern, and what is most interesting is that we are working on the second inside week in a row. *This is something which has only happened 4 times in the last 10 years and 6 times in the last 20 years!* As you can see, the oversold nature of the previous decline has been completely relieved and we are knocking on the down elevator. The bottom of the previous week's action is 1320 and 1370 on the topside. Big volume on down days and small on rallies. Furthermore, the lower trend line is breaking down as I write this, can you say "BOMBS AWAY?" Once price penetrates one of those levels we should see an impulse as market participants who are wrongly positioned will be forced to liquidate and power the move in the direction of the breakout, not to mention the technical traders who will enter the fray at that point.

Now let's examine a few other interest rate markets which are giving us an idea that the move out of the pattern is going to be down! First let's look at the Ten year note which is profoundly signaling NEGATIVE interest rates. This week the "official" CPI came out and the year over year gain was approximately

4.2%, including food and energy (authors note: What a laugh, it is really 3 times that, see www.shadowstats.com), currently the 10 year note yields 3.76% as I write this, subtract taxes from the yield and the confiscation of purchasing power in this supposedly RISK free asset is readily apparent. Risk free? NOT. If you are buying treasuries, give it a lot of thought. These certificates of confiscation are fraught with risk, if you really believe, as I do, that REAL inflation is running at about 12% or more. Then when they re-price to reflect true market conditions it could be a BANG heard around the world. Talk about the potential for CAPITAL losses.

This market is tightly wound as well. Break higher through that trend line and you can expect a solid rally and a continued move towards lower rates. Why should we believe this trend line will be broken? Let's look at the next shoe to drop in the credit crisis: Credit default swaps (insurance policies) of investment grade companies and then the CMBX commercial real estate indexes of those pesky securitized commercial real estate loans!

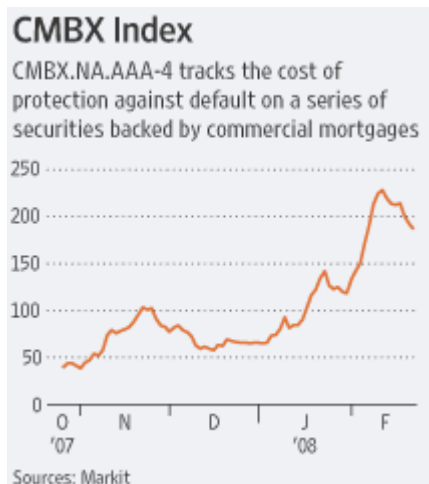


10 Year Notes



The temperature is rising in these indexes as well as the price for coverage. The credit default swap market is suspect itself and counter party risk is extreme – primarily because knowing who holds the other side of the trade is virtually impossible.

This is an index of securitized commercial real estate loans:

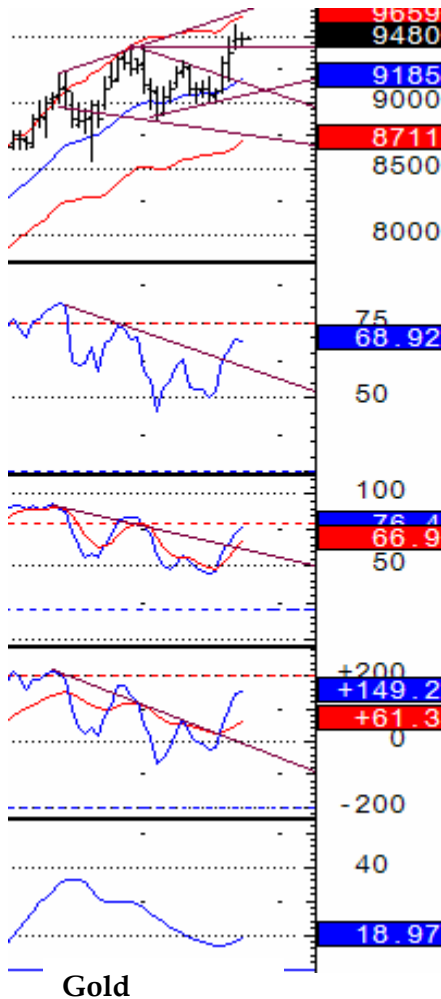


Can you say “freefall since early February?”, as are all the credit indexes outlined. So we can surmise that those TEN year notes are about to move higher SOON! Money creation is still going gangbusters as reconstructed M3 is running at over 15%. Fannie Mae and Freddie Mac are reporting next week and IT WON'T BE PRETTY!

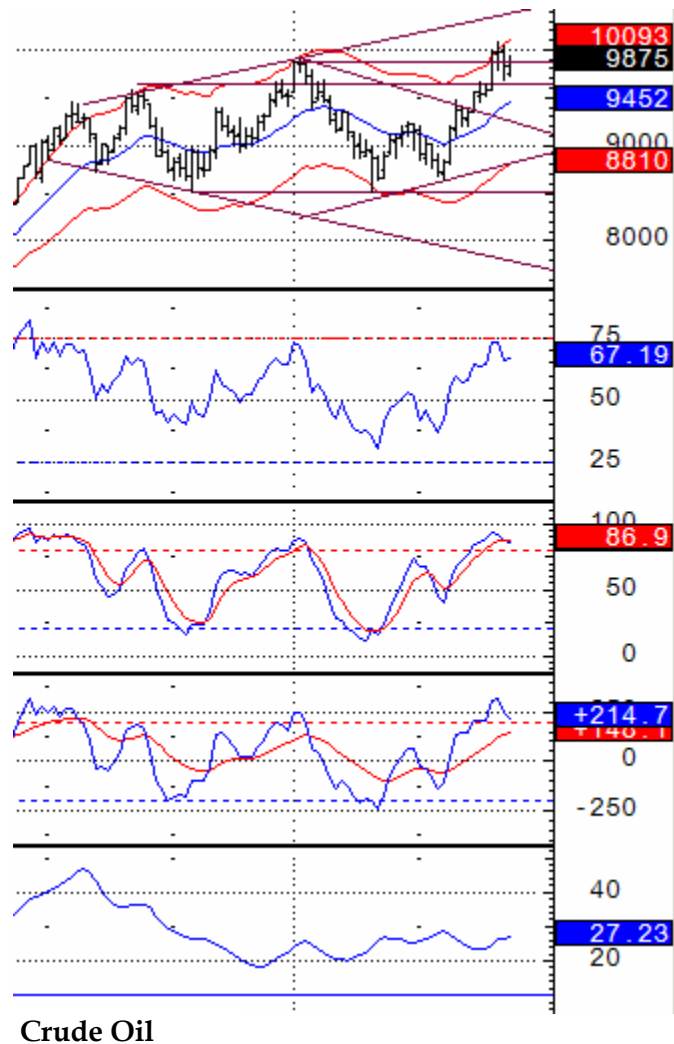
Dennis Gartman, of the www.thegartmanletter.com, is reporting that 32 billion dollars have exited the stock market since the beginning of February, yesterday's Philly Fed was a bomb at negative -25, unemployment is averaging -360,000 (4 week average), and the ABC/Washington Post survey of consumer confidence is at 15 year lows. *Can you say: “Print the money, fast?” Rates are headed lower FAST! They can do nothing else.*

Countries which use currency pegs are importing huge amounts of STIMULUS and inflation into economies which are GROWING! They are essentially placing superchargers to growth on these emerging economic powerhouses of Austrian Economics. ***These pegs are doomed to failure sooner or later.*** The economies of the G7 is not growing and are now wealth sucking black holes of capital (ALL PRINTED OUT OF THIN AIR), while the emerging world and resource economies are doing quite nicely!

So we are now seeing gold make its move in its ongoing journey higher, pricing in the ongoing fire hoses of money printing whatever is required to underpin the G7 financial systems. Once again it has created a pennant and the diamond formation signaling the continuation of the trend resumption after the consolidation pattern, just as it has done for YEARS!



Pattern after pattern after pattern signaling the next leg has probably begun. Slow Stochastic's and MACD are on buy signals, and the ADX trend gauge has turned higher signaling a resumption of the trend. There are three patterns in this chart and they have all broken out (or are breaking out NOW) and point HIGHER! This makes sense as money creation is still running at plus 15%. Now let's look at crude oil as it is on the cusp of a move \$15 dollars higher which would also confirm the action we see in the gold chart!



Notice the similarity of the Gold and Oil charts? These ARE NOT pictures of a top! They are pictures of a broad consolidation period with a war on the floor happening at \$100 dollars in Oil and

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\$950 in Gold. There are HUGE shorts up there, and once through it you can look for an impulse higher as the shorts cover and new buyers buy the breakout from the consolidation pattern. This confirms price action as new highs in price are echoed by the internals heading to new highs as well. The ADX trend gauge is at 27, and once through 30 it will resume the primary trend time again. Could it back and fill another time? Of course it could. But once through those highs and a weekly close up there the fireworks will begin again. If crude oil moves 15% you can expect gold to do so as well....

In conclusion: The tea leaves all are singing in a chorus what to expect, keep them in mind as the markets are tipping their hands as to what to expect via price. Once again, THERE IS NO SHORTAGE OF CASH, only a shortage of confidence. The tsunami of WORLDWIDE money creation is still occurring, only its destinations have been changed and you can see this in market prices. Wall Street and London are losing the confidence of their customers. *The "Crack up Boom" is unfolding as predicted by Von Mises. It's hard to predict a down stock market when they are printing money at this rate! Purchasing power is crumbling in terms of all currencies which provide a natural buoyancy as the assets re-price higher to reflect the lower purchasing power of the currencies in which they are priced! Can you say "Zimbabwe here we come?"*

Washington DC, the Federal Reserve, the Bank of England and the ECB are in full battle mode, taking the liquidity requirements of the financial systems onto their balance sheets. Treasury secretary Hank Paulson, Helicopter Ben Bernanke, Mervyn King, Jean Claude Trichet and Alistair Darling are all playing fire fighters. A blistering essay outlining DOOM has made the rounds of the financial cognoscenti, courtesy of Dr Doom himself Nouriel Roubini! I know it scared the pants off me! Will we see fireworks as they sort through his dirty laundry list? Yes. Those runs on the credit indexes began when his missive HIT THE STREETS! Will the financial authorities and the Public Serpents, er Servants let their biggest money constituents, cash cow financial industries and their political careers be destroyed on the rocks of a depression. I DOUBT IT!

The Mandarins in Washington, London and Brussels stand at the ready to meet any funding requirements to prevent systemic financial system failure. Discussions are firmly in place to rescue the banking systems if necessary. *Roubini's laundry list serves one BIG purpose, it gives them issues to think about when preparing to deal with the problems so they can anticipate problems, not be surprised by them.* As we have said: THEY WILL PRINT THE MONEY! And they are doing so on a daily basis. You can count on it! These people are NOT suicidal. A gun is pointed at their heads and you can rest assured: THEY WILL DUCK! It is predictable. You can invest with this firmly in mind.

The TAF (Temporary Auction Facility) widened further and took in another \$50 billion dollars of near worthless asset backed securities of one sort or another last week, and non-borrowed reserves spiked accordingly. This exercise of G7 financial system rescue has only just begun. **The President's working group on markets known as the Plunge Protection Team are hard at work. Roubini predicts a Trillion dollars of losses and I concur!** So it's man the keyboards and start the presses, as we work our way through the issues outlined by Roubini and the WOLF WAVE, detailed in the Tedbits 2008 Outlook series, it sets us up for quite a THRILL RIDE! (See the four part 2008 Outlook series, aka "THRILL RIDE" at www.TraderView.com) This is setting up for lots of FUN isn't it? You need to short circuit the printing presses. THESE ARE HUGE OPPORTUNITIES. Are you prepared to capitalize on them rather than be a victim of them?

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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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