



Stock Market Barometer

The Most Influential Financial Newsletter Read By Over 500 Hedge Fund Managers and Thousands of Elite Investors ~ September 03 2012



The New Commodities Bull Run Begins –Mike Swanson



Quote of the month:

“My promise is to help you and your family” - Mitt Romney

It's happening. In the beginning of August we saw gold and commodities break their summer resistance levels. Gold stocks popped up on the action. Then both gold and commodities paused. This was a mere prelude to what was to come.

You see on this past Friday the price of gold surged 36 dollars and closed above its downtrend resistance line that has marked its highs since last September. The bear consolidation phase for gold is now over. Gold is now beginning a new bull leg in its secular bull market. I fully expect we'll see gold prices reach their highs of last year within the next twelve months. Heck they'll probably go through them. It's happening.

Oh, and on Friday gold stocks surged too as the HUI closed up 3.84% for a %12.10% gain for the month

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91.25	84.64	88.05	85.00	88.00
84.63	84.64	88.05	85.00	88.00
81.88	86.48	88.05	85.00	88.00
78.32	86.54	84.64	81.25	85.48
84.36	85.02	85.48	84.32	86.54
83.32	83.99	86.48	84.32	86.54
84.32	83.99	85.48	84.32	86.54
85.48	83.99	85.48	84.32	86.54
85.48	83.99	85.48	84.32	86.54

MICHAEL SWANSON

of August. In my view this is just the start. Some gold stocks are already going up like rockets, but gold stocks as a whole have not broken through their summer resistance points marked by their highs of March and August. But they are likely to follow gold and smash right through them sometime in September. It could happen when the market opens back up on Tuesday or maybe later in the month after another quick and short pullback. I don't know exactly when it will happen, but I am convinced it's going to happen and that's all I need to know right now.

Gold and commodities as a whole have been in secular bull markets since 2002. During this time gold has gone through several year long plus consolidation phases that have led to massive bulls runs once they ended. The last big run began in 2008 and lasted until August of last year. That's a three year move. I believe we are on the verge of a similar big run that will go on for several years. Gold may end up at \$3,000 or even \$4,000 an ounce before its over. The investment returns for holding gold stocks should prove to be enormous. Same goes for silver stocks and other mining companies.

So when I look out a year from now and imagine how much higher gold stocks will be from where they are right now, whether or not they fall a few percent from here this week and pause before they go up again really doesn't mean much to me. The short-term gyrations day-by-day don't matter much if you invest in a bull sector and hold it. I know it so easy to worry about the next twenty or thirty dollar move in gold, but in the big picture it doesn't matter.

The same goes for European markets. At the start of last month I told you I thought we would see commodities and gold breakout in August and then European markets and most world markets follow. We got the breakout in commodities, but the other world markets have not followed yet. I still believe they will and I'm still excited about investing in Europe. Many European markets are at a valuations levels right now that were equivalent to what the United States was at the bottom of the Great Depression. Markets like Greece, Italy, Spain, Austria, and Belgium have super lower valuations and can be purchased easily through exchange traded funds. For example I own GREK which invests in Greece.



European markets and most world markets have gone through year long plus bear markets. Some markets in fact have fallen for up to three years. Look at Greece and China for example. These markets appear to have bottomed in June and have been in the process of building stage one bases that are the prelude to new bull markets since the beginning of this year.

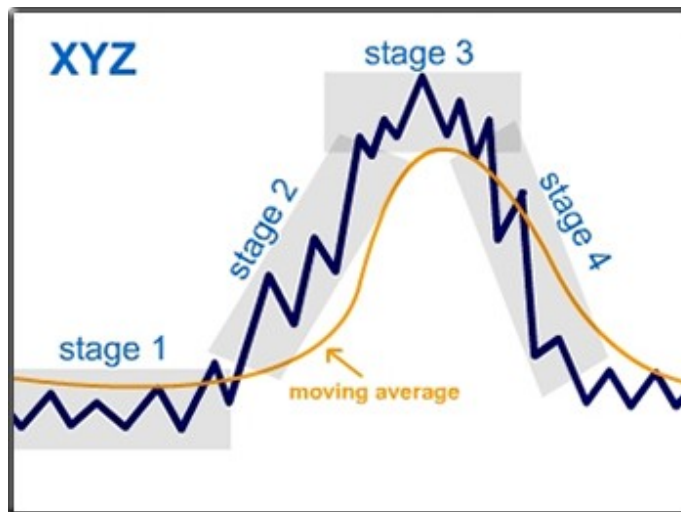
Big money is made in the financial markets by investing in things as they begin new bull runs or new big bull markets. They aren't made by buying stocks after they have gone up for years. Everyone is obsessed with the S&P 500 and the US markets, but at this point in time they have gone up for almost four years now and are in fact overvalued. There are few bargains in the US markets. But there are mining companies now with PEG ratios less than 0.50 and European stocks with super low valuations that pay dividends. Even some of the European ETF's such as EWK are paying dividends over 5%.

The European markets are now consolidating below resistance just as gold and commodities did before they broke out into new bull markets. It does appear that they will likely consolidate and go sideways a few more weeks, but I expect them to begin new bull markets soon. It could even happen before the month of September is over.

And just like gold I want to give you similar advice. Instead of obsessing about the possibility of another dip or bad news, instead focus on where these markets are likely to go in the next few years.

That is what is important to think about right now - not the next 5% move up or down, but the next 30% plus move.

So personally as you should know I have built investment positions in commodities, gold, and European markets already. But I'm not watching these positions every hour and jumping in and out of them. I'm not worrying about what the market is doing any given day or what news item might make them gyrate for a few moments. I'm simply looking at my positions every week or so and evaluating them and looking through stocks and ETF's to see if there is anything else I want to buy. And I do want to buy



more. I am likely to buy more positions this month. This is not like last summer when it looked like a correction was looming and there really didn't seem to be anything worth buying, because tops were being made all over the world. Now I know the S&P 500 and US markets aren't providing good buy points and ran up a lot. But the rest of the world is now poised to go into a big bull market and gold and commodities just broke out into new bulls of their own. This is a time to be excited about the markets.

I know if you listen to the TV financial news you aren't being told this. All they are talking about is the election and how bad the economy is and how there is a Euro crisis and on and on. They are talking fear and negativity. They are scaring people from looking for opportunities and taking advantage of them. Most people don't even know they exist.

I rarely watch the news on TV and I read the news on the Internet all of the time. For the past few months I've been paying close attention to the developments in Greece and Europe. And because we are in a Presidential election I've been watching the TV news more than I normally do.

What I have come to realize now more than ever is that the news is becoming increasingly useless. There is almost no meaningful analysis in the news and it's getting worse.

I just read a fantastic book called Trust Me I'm Lying by Ryan Holliday about the rise of what he calls "page view journalism" and how it dominates the Internet and now pretty much has become the main source for even newspaper and TV news.

It's a great book that has provided me with a lot of food for thought. If you look at the history of news reporting in the United States it has gone through several phases. Back during the time of George Washington and the founding fathers most newspapers were political newspapers. Then by the time of the Civil War and in the decades that followed so called "yellow press" newspapers dominated the United States.

These were city-wide newspapers sold mostly on street corners and newsstands. These papers weren't delivered to homes or sold on a subscription basis. So to get readers they blasted out crazy headlines and appealed to the least common denominator. They ran stories about sex crimes, Wall Street conspiracies, made racist appeals, and engaged in war mongering. They ran lies about atrocities in Cuba to get people pumped up in support of going to war against Spain. Remember the Maine?

Then at the turn of the century newspapers turned to a subscription model. They began to try to actually inform readers and search for the truth. Real investigative journalism began with the "muckrakers" and their exposure of the Rockefeller dynasty, poor working conditions, and a host of other issues. Reporters thought by exposing problems they could bring reform. This sort of spirit continued in the first decade of television with reporters like Edward Murrow. The idea of honesty and trust

continued to be important with the rise of network TV anchors.

Then in the 1980's and 1990's with the rise of cable TV more news channels came into being and with FOX News and now MSNBC they started to appeal to a more narrow audience of their own with more partisanship. It's to the point where the idea of getting real news information from watching the TV is laughable. It's mostly just opinion and ranting designed to make you angry and to keep watching.

Investigative reporting is dead in the mainstream media. Newspapers are dying out and as far as the TV goes it's just garbage. Take a simple issue like the economy right now or the financial crisis of 1998. There was almost no explanation of what caused it on TV news. Besides blaming Bush President Obama has given no explanation for the reasons behind the slow economy right now and all Romney has done is blame Obama. Neither have said a word against the Federal Reserve's money printing debt operations or linked it to the control of Wall Street interests over the Fed and Treasury Department. Without a real look at the causes of the crisis there can be no meaningful change or reform that will get us out of the crisis. As a result no matter who wins you know inflation is going to explode in the next few years.

If someone would lay out the real problems that face this country than something could really be done to fix them. It isn't merely the two candidates fault. The mainstream news media has failed.

Now there is truth being told. There is investigative journalism being done, but it doesn't reach a national audience or appear in newspapers. It appears in documentaries, books, and a few blogs. So again take the financial crisis. The truth is there for anyone to find in dozens of books about it such as The Big Short to name the one that became the most popular and in documentaries like Inside Job. But the facts and ideas in these books never reached the TV - and incredibly the Internet as a whole has failed too. That's what the Trust Me I'm Lying Book is about.

People think the problem with the press is that it is too partisan. Really I think the problem is the rise of what Holliday calls in his book "page view journalism."

Internet websites make money by attracting page views and these TV channels make money by attracting viewers by provoking them emotionally through appeals to fear, anger, and hate. Internet sites get page views by creating articles with attention grabbing headlines. In many cases they don't care if the articles are true or not. If they aren't then they think they'll just make another one correcting what they reported.

Holliday worked as a PR agent and talks about in his book how he would literally make up stories, pass them on to leading blogs, and then have TV news use the blogs as sources in their news reports. His book tells you how you can manipulate the news and why much of what you see on

the Internet is just hyped up junk.

Let me give you a few examples. I have followed the Drudereport now for over a decade. I like the site and I look at it at least once a day. It has links to interesting articles and often reports on rumors of its own.

The other month it claimed that Condeleeza Rice may become Romney's Vice-Presidential running mate. Well anyone who has known anyone involved in the Washington beltway national-security-war-state knows that his story was laughable, because it's impossible. You see Rice is a lesbian and has lived with a woman now for twenty-years. It's an open secret and no one cares. I don't give a damn. But it makes it impossible for her to be a national political candidate.

Well this story became the story of the day. Several talk radio shows and TV news programs ran with it. It was most likely completely made up.

Then a few weeks later the Drudgereport did the same thing again by saying General Petraeus was being considered as a Vice-Presidential candidate. More nonsense. The Drudgereport didn't care if these stories were true or not, all it cared about was getting more pageviews.

Most internet sites make money by getting traffic and will do anything to do it. There are financial sites that do nothing but create junk articles to attract traffic from Google. It is how they make money.

I know, because I took a dip into doing this sort of thing for a few months and then stopped. I was paying a few people to write articles for my site. Each article would attract anywhere from 100 to 1,000 visitors.

The Internet is designed so that if you want to make a lot of money by getting lots of traffic you need to produce as much content as quickly as possible and/or hype people up as much as possible. There is no real money advantage to reporting the truth, because mass traffic visitors come and go and don't come back as a repeat visitor.

Well a few months ago I looked at the site and these articles I was paying for and decided I didn't want them on my site anymore and decided that from now on I just want to post my own stuff and my own thoughts. I decided not to care about mass traffic, but to instead focus on creating a hard core loyal audience by providing the best information that I can.

I'm not trying to attract a mass audience. Just a good one. The masses are too brainwashed and dominated by the mass media and TV news to contemplate investing in Europe or commodities or making wise investment decisions. They just respond to hype and are always scared. So who even wants to be around people like that? This has been in the back of my head for the past few months since I decided to stop engaging in a "pageview journalism" of my own. I also have decided to become a real journalist or writer of my own by focusing on writing books. I'm working on one right

now.

Now this "pageview journalism" is becoming a huge problem when it comes to the news. I've been fooled by it myself. For example look at the Euro debt crisis and Greece. Every single day I see a story on the Internet with a hyped up headline about it that links to a mainstream newspaper. One day this newspaper will report that the Euro is going to collapse and the next day will have a headline about how it is going to be saved. I've been following this story for months and almost all of the news stories are doing nothing but reporting rumors and crazy stories that only get your attention and provide almost no real information.

These stories are getting passed on and reported as fact on CNBC. For example I'm sure you remember in July when everyone was making a big deal about how the head of the ECB was saying that he would do all it takes to save the Euro. CNBC took that story and speculated that this meant the ECB was going to cut rates or take action at their July meeting. Well the meeting came and nothing happened.

Well before the meeting I went and found the entire speech that the ECB chief gave in which he made this comment. The comment was a one sentence line that had been taken out of context and blown entirely out of proportion in a speech that was about an hour long .

Blogs took that line and hyped it up. CNBC then followed. They did the same thing with the Fed in July too. Before the FOMC meeting they treated blog rumors that the Fed would start a new immediate QE program as if they were real.

This is what reporting has become in the mainstream media. It isn't about doing the work of investigative journalism and trying to find anything that is real, but it's about passing on rumors and hype to mesmerize viewers. And the newspapers do the same thing. All they are doing is passing on the "pageview journalism" that is the Internet.

To give one final example of this after I read the Holliday book I asked myself how long would it take for me to find a story that wasn't true on the Internet. I loaded up a news website that I know that is one of the top 1,000 websites on the Internet in regards to traffic and saw a headline that said that Iran Wants Israel to Bomb It. That is a scary and emotional headline.

I clicked it and read the story. It's source was a blog owned by someone claiming to be a Middle East expert and selling a religious end of times newsletter. The new site was treating this as if it was real.

Did you know that according to the Central Intelligence Agency and the latest official statements by the US National Security spokesman that Iran doesn't have a nuclear weapons program? That doesn't make for scary headlines and attract hyperlink clickers. Did you know that even the Israeli Mossad officially says Iran has no nuclear weapons program too?

It doesn't exist, but most Americans believe it does, because that is what they see on the Internet. If you don't believe me do some Google search research for ten minutes and see for yourself. Now there are geopolitical reasons why pressure is being put on Iran, but that's another story. There is also a war party in this country that is hungry for more violence and more defense spending. It wants a constant state of tension throughout the world at all times, because it benefits from it and it wants you scared to death too. So do the politicians, because a frightened people is an obedient people.

The point to all of this is that it takes a lot of work to get to the reality of situations in today's day and age and to learn things like what has really caused the current economic recession and what is really happening in regards to international affairs. It takes reading books, and doing real homework of your own, because relying on today's "pageview journalism" that shows up on TV and all over the Internet is useless hype designed not to inform you, but to mesmerize you by playing on your emotions.

The same goes for the stock market. Focusing on the stock market news will just get you all emotionally worked up and either too scared to do something or so hyped up you buy stuff at stupid prices. It will get you to do things like buy Facebook when it first opens up for trading and then lose half of your money as it collapses. It won't tell you that gold is starting a new bull market. It will scare you from even considering investing outside of the United States and buying into stock markets priced with cyclically adjusted P/E ratios less than 7 that are poised to start new bull markets.

Investing is simple. Invest in value. Invest in stocks and markets priced right with good growth potential. Invest not at the end of bull markets, but when they start. You just focus on the big trends. And right now gold and commodities have broken into new bull markets and European markets are likely to follow, maybe even before the end of this new month.

Big trends don't make good news stories though, because they happen slowly overtime. They don't generate daily events or daily rumors. They are simply visible on charts and in valuation ratios. So no one talks about them. At least not in the financial press. You just focus on what's important and the money follows. I'll be talking to you more about investing in these big trends this month. All you need to do though is buy some gold stocks now, close your eyes, and look back a year from now to make money.



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