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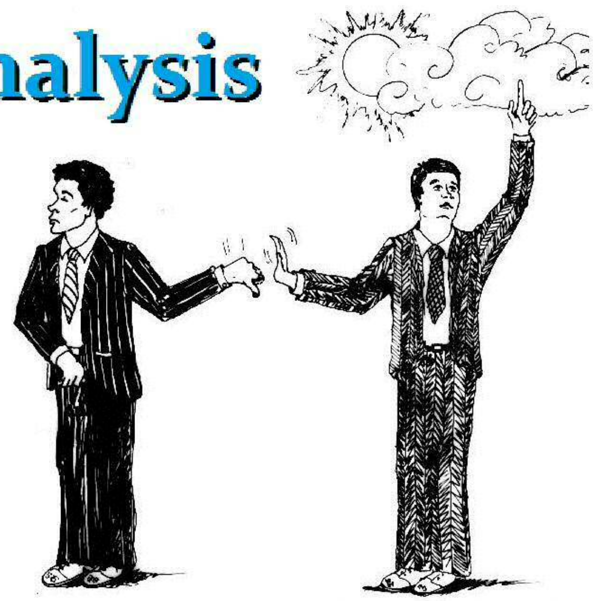
Analysis



is sometimes just FRAUD!

the Analytical Shill

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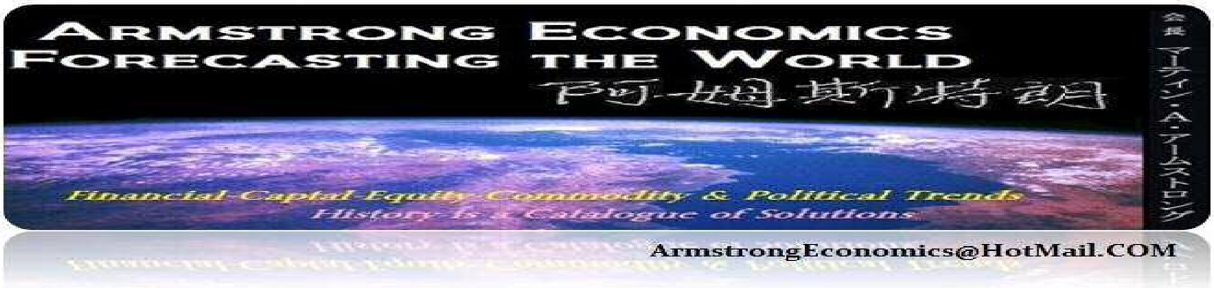

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World Economic Conferences

Berlin

Bangkok

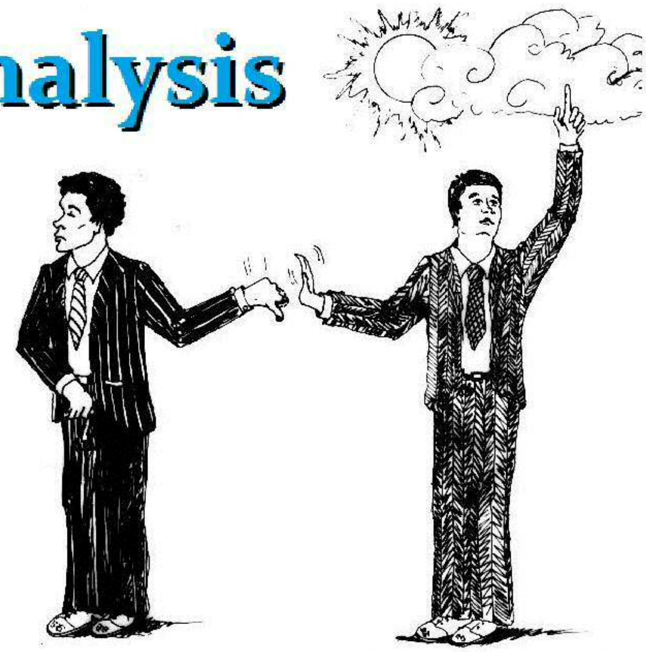
San Francisco

2012 Conferences

We will be holding three World Economic Conferences this year. These will be substantially different from the Philadelphia Conference. That was a combination of an Analytical Training Seminar and a World Economic Conference. Normally, each type of session is a two day event. Consequently, these two events had to be crammed into two days. Unfortunately, we could not accommodate everyone. We had to turn down 365 people. Traditionally, these events are limited to 100 attendees. Because of the overwhelming response, the room was full to capacity at 300+. That prohibited Mr. Armstrong from mingling with the crowd at the cocktail party and he was unable to see each and every person as he enjoys doing. These three upcoming conferences will be smaller, just forecasting, and will be two day events instead of the single day WEC which was provided in Philadelphia. Seating will be $1500 per seat. Those who are interested in attending please send your email to reserve a seat to:

2012WEC@Gmail.COM

Analysis



is sometimes just FRAUD!

the Analytical Shill

By: Martin A. Armstrong
former Chairman of Princeton Economics International, Ltd.

Perhaps the biggest dirty little secret has been the practice of salting the landscape with Analytical Shills. These are people who pose as **independent** analysts, but are underwritten by the crafty market manipulators. In 2003, Ten of Nation's Top Investment Firms settled an SEC Enforcement Action involving obvious **Conflicts of Interest Between Research and Investment Banking.** Naturally the SEC did more to cover up the practice than anything else. The firms paid **ONLY** a penalty of $487.5 million, Disgorgement of $387.5 million, payments of $432.5 million to Fund Independent Research, and Payments of $80 million to Fund Investor Education. The firms never had to admit to anything and private suits were dismissed by Judge Pollack in New York saying the investors should have known they were taking risk.

It was then Eliot L. Spitzer, New York's attorney general at the time, who actually forced changes in Wall Street whereas the SEC has always been bought and paid. Young attorneys go to the SEC first to gain experience so they can get one of those big paying jobs on Wall Street. Why do you think they will never aggressively go after the NY firms? What NY law firm would hire them? **NOBODY!** Until Congress prohibits that revolving door, the SEC will never be a legitimate regulatory agency. It was Eliot L. Spitzer's office that always did far more against Wall Street than the SEC and that is most likely why he was set up and driven out of office. Officials of Merrill Lynch visited the office of Eliot L. Spitzer, to discuss a resolution to his investigation of the their firm's stock analysts, but they retreated to the drawing board after Mr. Spitzer gave Merrill more time to come up with a proposal to meet his demands that the firm separate its research and investment banking departments and acknowledge that its analysts misled investors about the analysts' true opinions of the prospects of some companies.

After five months of negotiating the fine print, 10 Wall Street firms accused of issuing tainted stock research agreed to the terms of a landmark $1.4 billion settlement. Three of the firms -- Citigroup's Salomon Smith Barney, Merrill Lynch and Credit Suisse First Boston -- were charged with actually issuing "***fraudulent***" stock recommendations. This unambiguous language, was far more significant an outcome of the Spitzer's inquiry than the useless SEC regulators that never required any such admission.

The research published by the big Investment Banks is never going to be unbiased and they know the only reason they had to deal with the 2003 issue was because of public pressure after the Dot.COM Bubble and their recommendations were so bogus it was a public scandal. You can go to the library and look at the aftermath of the 1987 Crash. Merrill Lynch ran full page ads showing their analysts sitting around the boardroom table looking all professional pronouncing they were now Bullish on Bonds. Of course, the 1987 Crash took place and bottomed precisely on the day of the **Economic Confidence Model** and that indicated it was **<u>THE</u>** low. Had the market peaked with the model, then this would have indicated a high. Consequently, our forecasts were that the market bottomed and new highs would be seen by the peak of the model in 1989.95. These advertisements of Merrill were shifting from stocks to bonds and were opposite of our own. I called a friend at Merrill and asked what the hell were they doing? The reply was simple. The ads were directed by the lawyers, not the analysts. The lawyers told them if the people lost money on government bonds, no judge would ever rule against the firm. It was after 1987 when things began to turn very bad in the world of research.

After 1987, the practice evolved that the market manipulators started funding indirectly so called private "independent" analysts. They were on the payroll of the big NY firms and in turn they would "steer" investors in the direction the market manipulators wanted. The metals were one favorite sector where they were constantly bullish – never bearish for 19 years. But hey, the market manipulators always needed cheer-leaders to get people to buy every high so they could sell.

I have written about the "***club***" and how they tried desperately to get Princeton Economics as part of that team. Edmond Safra hosted the IMF dinner renting the entire National Art Gallery in Washington. I was invited to try to convince me that they had the IMF in their pocket and thus you could buy Russian bonds at crazy interest rates because they had the fix in place and the IMF would guarantee all Russian paper. I told them no thanks. Russia would collapse. When it did, that took down Long Term Capital Management requiring the Fed to bail out a hedge fund. On the Buffett Silver Manipulation, it was PhiBro who had a shill call the Wall Street Journal and tell them I was trying to manipulate silver down because I was short. When the WSJ & I argued and they refused to print the name Buffett they demanded I give them, that forced the CFTC to act calling me to ask where was it taking place. I told them London and they called the Bank of England. When they in turn ordered all silver brokers to show up the next morning, Buffett was forced to come out and admit he bought $1 billion worth of silver but denied he was manipulating the price.

You can ask the guys at GATA. They were well aware of the first 1993 Manipulation by PhiBro (Philips Brothers). They got in bed with Buffett when he stepped in to run Salomon Brothers after they got caught **MANIPULATING** the US Government bond auctions. They began buying silver and the CFTC stepped in demanding to know who their client was. Now if it had been anyone else, PhiBro's reply was they refused to tell the name of the client. Forget the law. That does not apply to New York firms. The CFTC responded saying if they could not know who their client was, then PhilBro had to exist the trade.

They did and of course made a fortune for the hawkers had all the little guys buy silver just in time for PhilBro to sell it to them.

This is WHY the manipulations began to move to London. Not only did PhiBro try to get me on board, their broker walked across the floor and **SHOWED** my broker Buffett's orders at the low! They were desperate to get Princeton Economics in their stable of shills. With partners around the world, there was no one remotely close to us in size.

To create the fundamental, they moved inventory from New York to London. They were manipulating silver as always. Playing games with the inventories. They were moving silver from New York to London where the Buffett orders were being executed. This made the US warehouse inventories drop sharply. Go look at the analysts who talked silver up on that very fundamental. If they said there was a shortage of silver and you better buy it is going to $100, then you may be dealing with a shill or a biased analyst. Many of the metals analysts with an agenda back then hated my guts. How dare I say there was a manipulation when it was at last silver was going up instead of down. Now I was part of some covert conspiracy hell bent on suppressing the metals because I dared to say "***they are back***" (manipulators) and the target was $7 by January 1998. To this crowd, a manipulation is always to the downside and never up. It is the same argument as the government used to investigate a stock market crash – look for the short player for if there were no shorts, then that commodity would rise and they would be right. But you can say the same thing about anything that trades including wheat. So let's outlaw short selling and usher in communism. What the hell, make all money backed by gold so they can confiscate it again and not address the real issue – the debt! Do we now pay past debt in gold? Bet the US & Europe will quickly become third world countries since 40% 0of such debts and held by other countries. China will end up with all the gold then.

Go check the recommendations of analysts back then. See where they stood. The best one I heard was silver was in demand in London because it was .9999 there instead of .999 in New York. The bullshit stories to justify the manipulation were unbelievable. As always, if you ever dared to say a metals rally was not real, God help you. The shills had turned it into a religion.

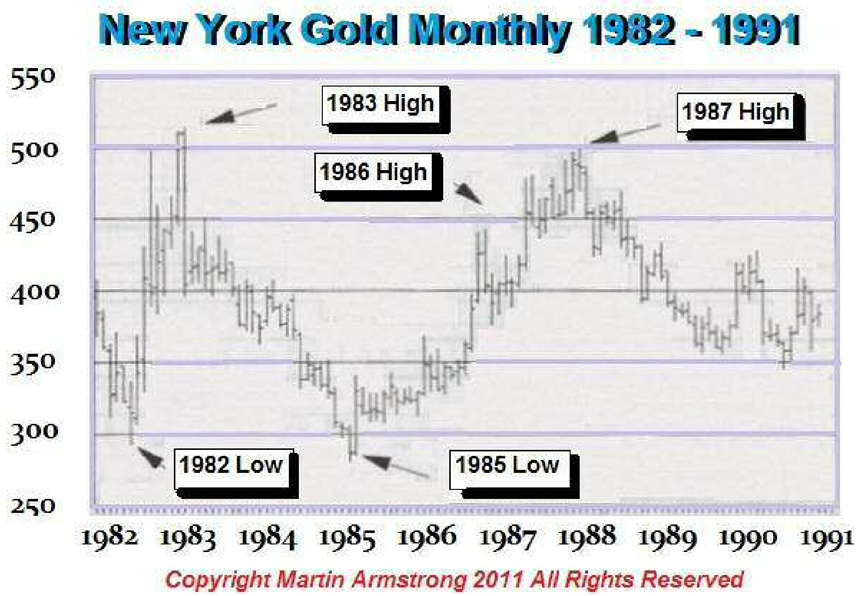
This is why AIG set up its trading operations in London on top of the hypothecation rule differences. When Hank Greenberg of AIG refused to go along with the crowd and issue insurance on these mortgage pools, mysteriously he his forced to leave AIG by Elliott Spitzer. This was way too coincidental. Once Greenberg was out and Spitzer got cocky, they took down Spitzer. That is what I believe. The press aided the manipulators KNOWINGLY or UNKNOWINGLY. Either way, they always do the dirty deeds of New York.

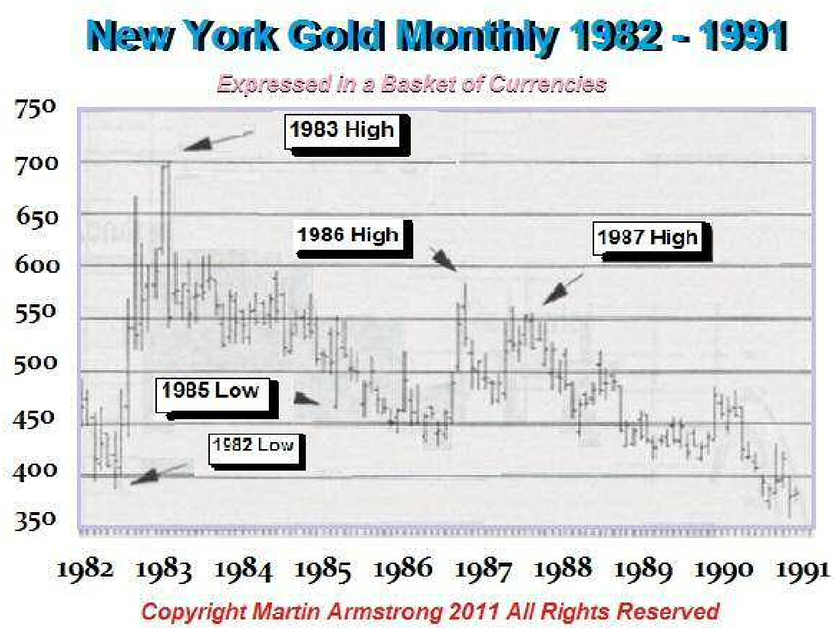
The entire 2007 debacle is orchestrated by AIG issuing insurance so this crap could then be rated AAA to ensure they could serve as collateral in the REPO market. These manipulations have been systemic and there is **NOBODY** in the press who would dare investigate and you can forget about Congress. They were eager to get Spritzer out for the "club" but they would never print that Federal Judges in New York routinely alter transcripts to ensure the government always wins. They are not interested in investigating the truth. And as for the SEC and CFTC, well they had plenty of opportunity to do the right thing and always turn their back just as the CFTC did in 1993 and GATA knows that was true.

GATA began to see the same nonsense that I did during the early 1990s. It was just that I saw the manipulations as being **UNBIASED**. In other words, they did not care what they manipulated as long as there was a guaranteed profit. They manipulated even base metals such as rhodium. They manipulated platinum in league with Russian politicians who strangely recalled all platinum to take an inventory. Hell, Ford Motor Company filed suit over that manipulation.

There was nothing ever exempt. Those who remember Bob Howel, who was perhaps the first black financial analyst that worked at PEI before his death, he worked at first for a major NY hedge fund. He came to me and asked for job because he was told to come back with "guaranteed" trades. Bob did not want to have anything to do with inside trading and came to our firm because it was well know we did not play those games.

When we called the low in gold in 1999 and also put out forecasts that oil would bottom at about $10 and rise to $100 by 2007, covered by Mark Pitman at Bloomberg News, then of course we were once again the darlings. Even the shills like us again. But just as you do not serve any wine before its time, financial markets must be respected as requiring the same treatment. To cheer us when you agree and loath us when you do not, is just inherent in the metals group. Why? Who knows? That call for a 1999 low was in dollars. The low in Euros came afterwards. Yet that is the real dirty little secret. How do you distinguish a REAL bull market from a bullshit manipulation?

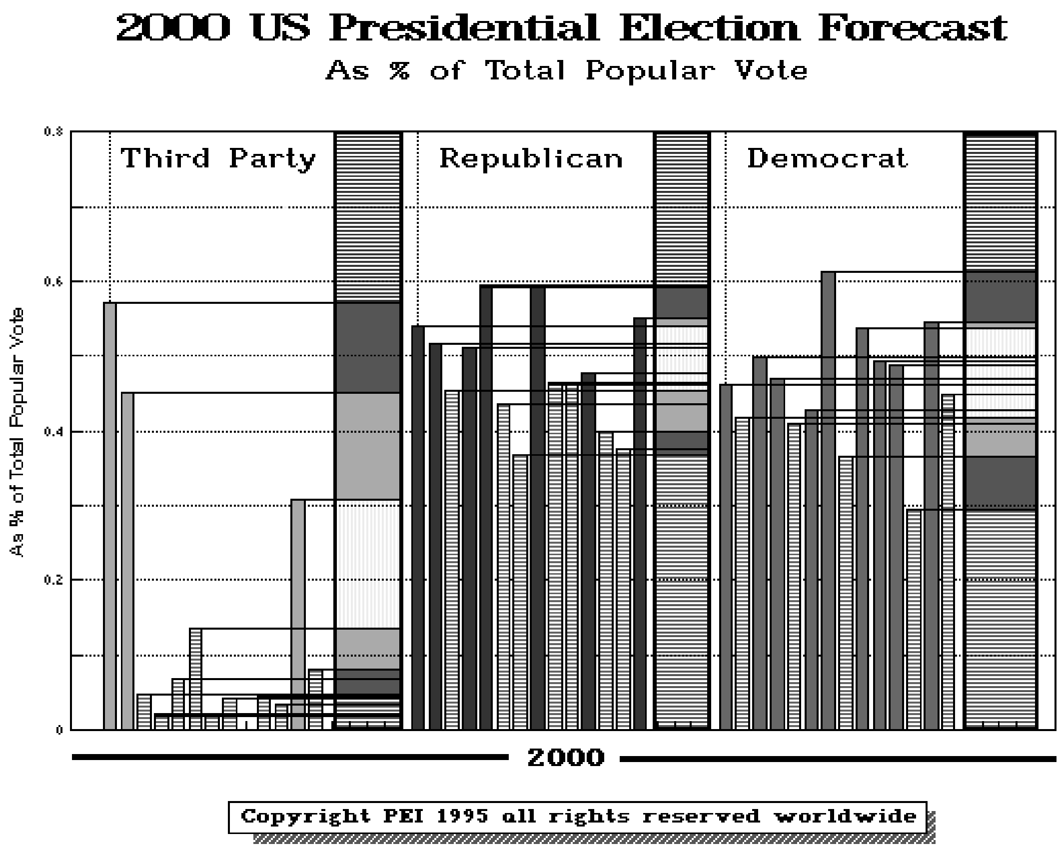




Most manipulations can be seen easily when you look at a market in terms of a **Basket of Currencies**. Why? Because a **REAL** bull market must take place ONLY when it rises in terms of **ALL** currencies. Unless that takes place, investors in some countries will be sellers while others are buyers. Here is a classic example as to why we were bearish on gold for 19 years despite the hate mail and the best attacks of the shills. The manipulators **ALWAYS** need to get the metals guys worked up into a fever to sell to them to make their profits and big bonuses. If Salomon Brothers did that to the US government treasury auctions, why would you think the metals as exempt?

Term	Year	Electoral College	winner	Pct. Of pop. vote		Margin	Pop. vote	Margin	Electoral College runner-up	
10	1824	john Quincy Adams	30.92%	−10.44%	113,142	−38,221	Andrew Jackson			
11	1828	Andrew Jackson		55.93%	12.25%	642,806	140,839	John Quincy Adams		
12	1832	Andrew Jackson		54.74%	17.81%	702,735	228,628	Henry Clay		
13	1836	Martin Van Buren		50.79%	14.20%	763,291	213,384	William Henry Harrison		
14	1840	William Henry Harrison		52.87%	6.05%	1,275,583	145,938	Martin Van Buren		
15	1844	James K. Polk		49.54%	1.45%	1,339,570	39,413	Henry Clay		
16	1848	Zachary Taylor		47.28%	4.79%	1,360,235	137,882	Lewis Cass		
17	1852	Franklin Pierce		50.83%	6.95%	1,605,943	219,525	Winfield Scott		
18	1856	James Buchanan		45.29%	12.20%	1,835,140	494,472	John C. Frémont		
19	1860	Abraham Lincoln		39.65%	10.13%	1,855,993	474,049	John C. Breckinridge		
20	1864	Abraham Lincoln		55.03%	10.08%	2,211,317	405,090	George B. McClellan		
21	1868	Ulysses S. Grant		52.66%	5.32%	3,013,790	304,810	Horatio Seymour		
22	1872	Ulysses S. Grant		55.58%	11.80%	3,597,439	763,729	Horace Greeley		
23	1876	Rutherford B. Hayes	47.92%	−3.00%	4,034,142	−252,666	Samuel J. Tilden			
24	1880	James A. Garfield		48.31%	0.09%	4,453,337	9,070	Winfield Scott Hancock		
25	1884	Grover Cleveland		48.85%	0.57%	4,914,482	57,579	James G. Blaine		
26	1888	Benjamin Harrison		47.80%	−0.83%	5,443,633	−94,530	Grover Cleveland		
27	1892	Grover Cleveland		46.02%	3.01%	5,553,898	363,099	Benjamin Harrison		
28	1896	William McKinley		51.02%	4.31%	7,112,138	601,331	William Jennings Bryan		
29	1900	William McKinley		51.64%	6.12%	7,228,864	857,932	William Jennings Bryan		
30	1904	Theodore Roosevelt	56.42%	18.83%	7,630,557	2,546,677	Alton Brooks Parker			
31	1908	William H. Taft		51.57%	8.53%	7,678,335	1,269,356	William Jennings Bryan		
32	1912	Woodrow Wilson		41.84%	14.44%	6,296,284	2,173,563	Theodore Roosevelt		
33	1916	Woodrow Wilson		49.24%	3.12%	9,126,868	578,140	Charles Evans Hughes		
34	1920	Warren G. Harding		60.32%	26.17%	16,144,093		7,004,432	James M. Cox	
35	1924	Calvin Coolidge		54.04%	25.22%	15,723,789		7,337,547	John W. Davis	
36	1928	Herbert Hoover		58.21%	17.41%	21,427,123		6,411,659	Al Smith	
37	1932	Franklin D. Roosevelt	57.41%	17.76%	22,821,277		7,060,023	Herbert Hoover		
38	1936	Franklin D. Roosevelt	60.80%	24.26%	27,752,648		11,070,786		Alf Landon	
39	1940	Franklin D. Roosevelt	54.74%	9.96%	27,313,945		4,966,201	Wendell Willkie		
40	1944	Franklin D. Roosevelt	53.39%	7.50%	25,612,916		3,594,987	Thomas E. Dewey		
41	1948	Harry S. Truman		49.55%	4.48%	24,179,347		2,188,055	Thomas E. Dewey	
42	1952	Dwight D. Eisenhower	55.18%	10.85%	34,075,529		6,700,439	Adlai Stevenson		
43	1956	Dwight D. Eisenhower	57.37%	15.40%	35,579,180		9,551,152	Adlai Stevenson		
44	1960	John F. Kennedy		49.72%	0.17%	34,220,984		112,827	Richard Nixon	
45	1964	Lyndon B. Johnson		61.05%	22.58%	43,127,041		15,951,287		Barry Goldwater
46	1968	Richard Nixon		43.42%	0.70%	31,783,783		511,944	Hubert Humphrey	
47	1972	Richard Nixon		60.67%	23.15%	47,168,710		17,995,488		George McGovern
48	1976	Jimmy Carter		50.08%	2.06%	40,831,881		1,683,247	Gerald Ford	
49	1980	Ronald Reagan		50.75%	9.74%	43,903,230		8,423,115	Jimmy Carter	
50	1984	Ronald Reagan		58.77%	18.21%	54,455,472		16,878,120		Walter Mondale
51	1988	George H.W. Bush		53.37%	7.72%	48,886,597		7,077,121	Michael Dukakis	
52	1992	Bill Clinton	43.01%	5.56%	44,909,806		5,805,256	George H.W. Bush		
53	1996	Bill Clinton	49.23%	8.51%	47,400,125		8,201,370	Bob Dole		
54	2000	George W. Bush		47.87%	−0.51%	50,460,110		−543,816	Al Gore	
55	2004	George W. Bush		50.73%	2.46%	62,040,610		3,012,171	John Kerry	
56	2008	Barack Obama		52.87%	7.27%	69,499,428		9,549,105	John McCain	

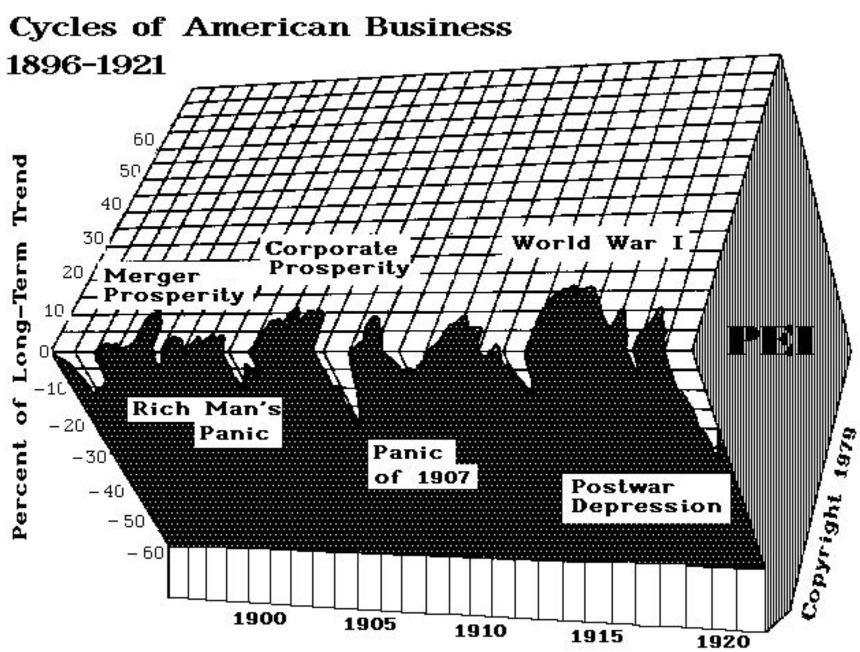
So when analysts only espouse one side, be very careful. For no matter what the market, there is always a time to rally and a time to pause. Nothing is ever straight up or straight down. Anyone who portrays that is either ignorant of the market behavior, or a shill – paid cheer-leader. Putting out bogus research has been the name of the game. Unfortunately, there are just some people who are hardcore. If you look at the Presidential elections closely, you will notice that rarely has anyone received more than 60% of the popular vote.

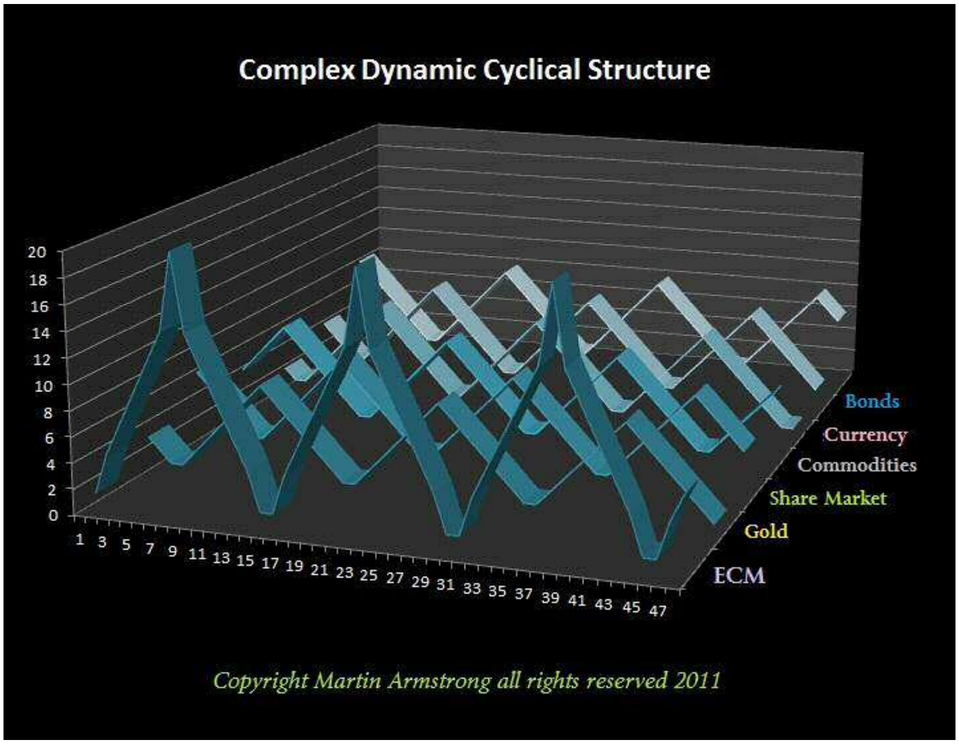


Presidents are typically decided by 5% or less of the popular vote. That means there is almost 45% Republican and 45% Democrat and 10% to 15% at best that are really independent. Here was our computer forecast for the Presidential elections in 2000. It showed that the Democrats would take the majority of the popular vote. After the counts were really concluded, it showed that indeed the computer was correct and Al Gore should have won. However, that election was manipulated just as the markets have been and it took the Supreme Court to ensure the Bush was elected.

Markets are the same mix as politics. There are people who simply believe in a given position and no matter what you say or what evidence you present to the contrary, they will never believe it. Thus, I have **NEVER** been interested in preaching to the choir. I have always preferred the independent thinker – the investor who wants to really learn about market behavior and not read someone who simply supports their never changing view of the world. Nor am I interested in exchange words with those who may not be shills, but are just part of a particular hardcore group. I am cheered only when I agree, and if I disagree, I am despised. But that is expected in the retail world – **NEVER** in the professional institutional world.

Too many people respect **TIME** only when it supports what they want to say. You can jump up and down at Speakers Corner in London and preach to everyone who will listen, but that does not make what you are saying true. There are just certain timing intervals that take place. These tend to historically unfold as 4.3, 7, 11, 13, 17.2, 21, and 26 year intervals concerning bull markets. Bear markets are fierce and are typically completed within 2 to 3 years concerning the liquidity aspects of a market while the broader economic trend can be 26 years. If we take the culmination of the end of the panics that plagued the 1890s, we arrive at the **Rich Man's Panic of 1903**. The first 4.3 year interval produced the **Panic of 1907**. There was the reaction low of 1910, the low of 1914, peak in the War 1917, the 1921 low, the 1924 **Directional Change** that marked the peak in Real Estate, and 26 years after the **Panic of 1903** was the **Panic of 1929**. That Depression lasted until 1955 – 26 years later when real estate and everything began to rise sharply and then 26 years after that we then arrive at 1981, the peak in interest rates followed by the birth of the G5 **(Plaza Accord in 1985)** 4.3 years later. But what the hell, as long as TIME is on your side, it is great. Let us arrive at an inflection point where there may be a pause **BRIEFLY;** well then it is a bunch of crap.

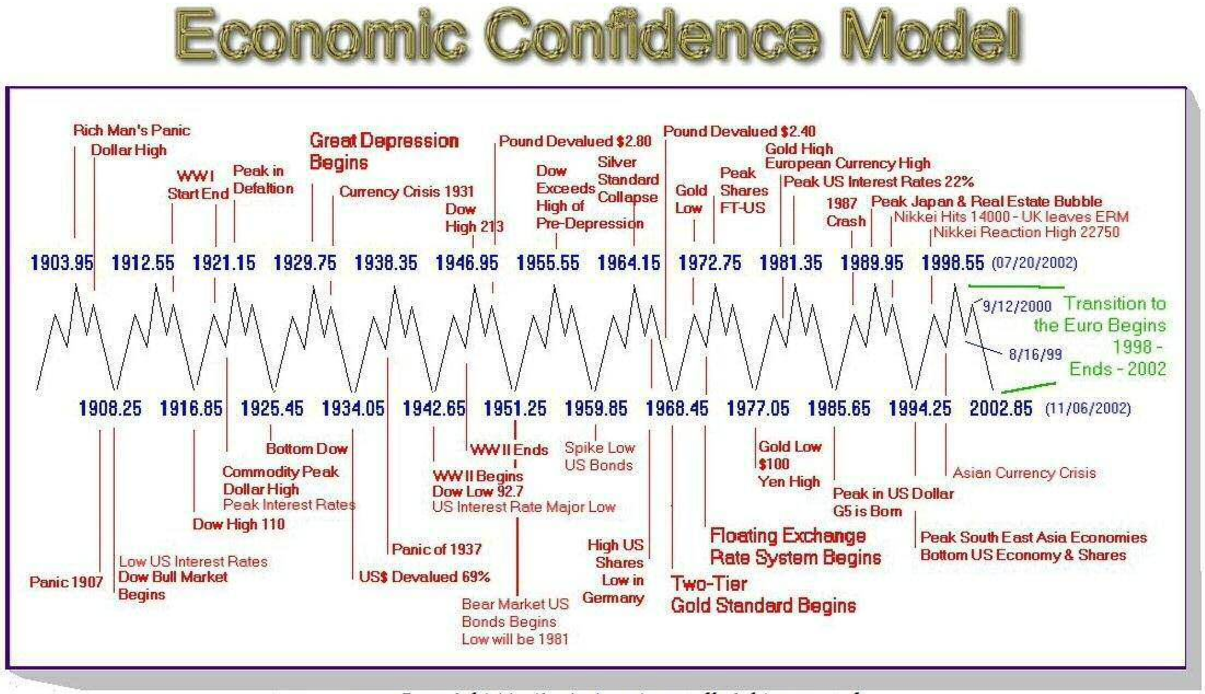




TIME & PRICE

The biggest problem often faced is that there are two entirely different aspects to market behavior – TIME and PRICE. There is a third approach of pattern recognition into which Elliott Wave and Technical Analysis fall into where opinions vary greatly according to the person using that method's experience. Where the shills come in are those who simply misrepresent the **Economic Confidence Model** (ECM) plotting it against a specific market or whatever. Either they are sublimely stupid or they are doing precisely what the government wants them to do. Desperately trying to say it doesn't work so please don't listen!

There cannot be a perpetual bull market in anything anymore than you can stand there with your arm straight up in the air. Oh shore, you can do it briefly. But then your arm will feel so heavy you can no longer keep it up. Everything takes a pause for the same reason you sleep at night. Nothing can maintain the same energy output all the time. People come up with all sorts of excuses why they are right yet the market declines. Usually it is some conspiracy of a mythical group so powerful that they just win. They would rather accuse me of manipulating the world economy fictionalizing I have so many readers and they all stand up and do precisely what I say and they is why the IMF, banks, and Russia failed rather than admit that the manipulation collapsed simply because it could not be maintained any longer. With the 1987 Crash, the first thing out of the mouths of government – they were going to find that short position that overwhelmed the market and forced it down. Of course there never was any such party. Markets collapse because EVERYONE who ever thought of buying has bought. They are now counting their profits for the next eternity. Something happens and scares the herd. Suddenly, the long try to sell



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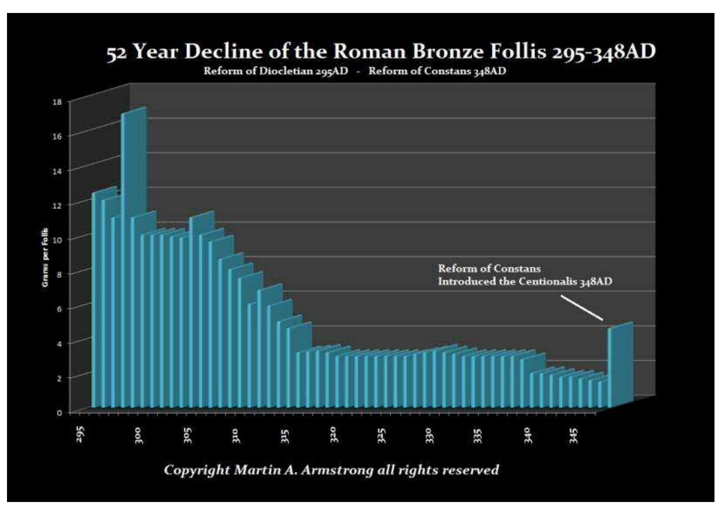
but there is no bid. The market collapses in the blink of an eye. Why, because the majority has already bought and there are no new buyers to keep the momentum going. It is never some mythical short player preventing the upward advance. It is just not time yet.

The **ECM** is <u>not</u> about forecasting any given market. It is the composite of everything around us. It provides a good general guide as to the business cycle – not gold, stocks, bonds, or currency. Each sector as well as individual market has its own unique timing frequency. The **ECM** was derived from a list of **PANICS** and that is what its overall function is – nothing more. It highlights the turns within the economy and what peaks or bottoms with its turning points captures the capital concentration. Capital **MUST** concentrate into a single sector in order to create the bull market. If capital does not concentrate, then it is like Communism. There is just a flat line. Thus, capital concentrated in Russia for the 1998 collapse and into the DOT.COM stocks for 2000, and then in the mortgage CDOs for 2007. There is **ALWAYS** one sector that attracts capital.

I will be publishing by the end of the Year the Secret Cycle – Geometry of Time. This will be the documented proof of this model and how it has indeed been tested throughout the record of man during the many centuries. Illustrated here is the same frequency that was present in the monetary system of Rome. But there is something much more important here. It is by no means limited to markets.



Major Historical Earthquakes
365 AD – 1989 AD

year, AD	magnitude or intensity*	deaths	affected area
365	...	50,000	Knossos, Crete (Greece)
526	...	250,000	Antioch, Syria
844	...	50,000	Damascus, Syria
847	...	50,000	Mosul, Iraq
847	...	70,000	Damascus, Syria
856	...	200,000	Qumis, Dāmghān, Iran
893	...	82,000	Caucasus
893	...	180,000	Daipur, India
893	...	150,000	Ardabīl, Iran
1042	...	50,000	Palmyra, Baalbek, Syria
1138	...	230,000	Ganzah, Aleppo, Syria
1201	...	1,000,000	Upper Egypt or Syria
1268	...	60,000	Cilicia, Anatolia (Turkey)
1290	6.75	100,000	China
1556	XI	830,000	Shensi province, China
1667	6.9	80,000	Shemakha, Azerbaijan
1668	XII	50,000	Shantung province, China
1693	XI	100,000	Sicily, Catania (Italy)
1703	...	200,000	Jeddo, Japan
1727	...	77,000	Tabrīz, Iran
1730	...	137,000	Hokkaido, Japan
1731	...	100,000	Peking, China
1737	...	300,000	Calcutta, India
1739	...	50,000	China
1755	...	60,000	Lisbon, Portugal; Spain; Morocco
1780	...	100,000	Tabrīz, Iran
1811	8.7	...	New Madrid, Mo., U.S.
1836	7.6	28,321	northern Japan
1857	8.3	...	Tejon Pass (Palmdale), Calif., U.S.
1868	...	70,000	Ecuador
1883	...	100,000	Java, Indon.
1905	8.6	19,000	Jammu and Kashmir, India
1906	8.3	700	San Francisco, Calif., U.S.
1906	8.6	1,500	Valparaíso, Chile
1908	7.5	58,000	Calabria, Messina, Italy
1915	7.5	32,610	Abruzzi, Italy
1920	8.5	200,000	Kansu province, China
1923	8.3	140,000	Tokyo; Yokohama, Japan
1927	8.0	40,000	Nan Mountains, China
1932	7.6	70,000	Kansu province, China
1935	7.5	25,000	Quetta, India
1939	8.0	32,000	Erzincan, Turkey
1939	8.3	28,000	Chillán, Chile
1948	7.3	19,800	Ashkhabad, Turkmenistan
1950	8.7	574	Assam, India
1960	5.9	12,000	Agadir, Mor.
1960	8.5	5,700	Puerto Montt, Valdivia, Chile
1963	6.0	1,070	Skopje, Yugos.
1964	8.3	131	Prince William Sound, Alaska, U.S.
1970	7.7	10,000	southern Yunnan province, China
1970	7.8	66,794	northern Peru
1972	6.2	5,000	Managua, Nic.
1976	7.5	23,000	Guatemala City, Guat.
1976	6.5	929	northeastern Italy
1976	7.8	240,000	T'ang-shan, China
1977	7.2	1,500	Bucharest, Rom.
1978	7.4	25,000	Khorāsān, Iran
1979	7.9	600	Colombia; Ecuador
1980	7.7	4,000	El-Asnām (Ech-Cheliff), Alg.
1980	7.2	4,800	southern Italy
1983	7.1	1,400	eastern Turkey
1985	8.1	10,000	Mexico City, Mex.
1986	5.4	1,000	San Salvador, El Salvador
1989	7.1	67	northern California, U.S.

*Magnitudes given for pre-20th century events are generally estimations from intensity data. When no magnitude was available, the maximum intensity, written as a Roman numeral, is given.

Sources: World Data Center A for Solid Earth Geophysics, U.S. Department of Commerce, National Oceanic and Atmospheric Administration, *Catalog of Significant Earthquakes 2000 B.C.–1979* (July 1981), *Significant Earthquakes 1900–1979*, map and table; Münchener Rückversicherungs-Gesellschaft, *World Map of Natural Hazards* (1978); Swiss Reinsurance Company, *Atlas on Seismicity and Volcanism* (1978); U.S. Department of the Interior Geological Survey, *Earthquake Information Bulletin;* Smithsonian Institution, *SEAN Bulletin*.

SOURCE: Encyclopedia Britannica

To the right, I have provided a list of just the known **major earthquakes** and there are many others in earlier times as well as minor events post-365AD. If we take the total chunk of **TIME** (1989-365=1624 yrs) and we add the events after 365 (63), what emerges is the 8.6 year frequency. Dividing 1624 by 63 = 25.8 that is 3 cycles of 8.6. This demonstrates that the 8.6 year exists in nature.

$$1624 / 63 = 25.77777778 \quad (3 * 8.6 = 25.8)$$

This is not my opinion - it is math. Even the Precession of the Equinoxes on which the Mayans based their long calendar, is slightly less than 26,000 years (25,800 or 3,000 8.6 year cycles). This is a core frequency to life. No doubt my critics will now be jumping up and down on their soap boxes while wearing a yellow raincoat and waving black and white checker flags, yelling at the top of their lungs - **No! No! - Don't Listen! Government Knows Best - Government is your salvation! Trust only our elected politicians. Do not listen! There is nothing there!**

In the September 15th, 2009 issue, I published the major list of earthquakes from the Encyclopedia Britannica. Over the course of 1624 years there were 63 events that worked out to 25.8 years of 3 x 8.6. Even the Precession of the Equinoxes is 25,800 years or 3,000 times 8.6 years. I find it curious how Fibonacci is of course valid, but somehow Pi is not. It seems to me that there is some sort of stupidity inherent in the inability of some to comprehend what is written here or there is some deliberate effort to misrepresent what is written to prevent people from seeing there are inherent cycles within nature just as those who screamed the world was flat or persecuted Galileo for daring to say the earth revolved around the sun – what audacity!

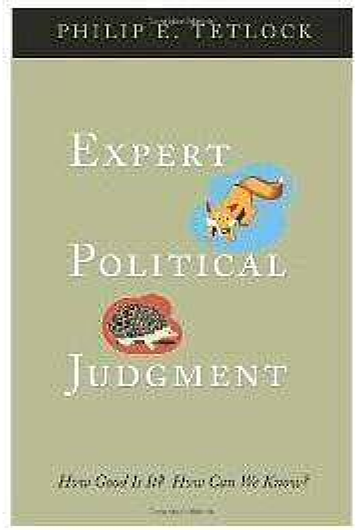
Cycles exist in everything. It is how the universe is constructed. We know the universe is still expanding because of the cyclical nature of light traveling in waves. So why do some protest too much against cycles? Why?

THE DANGER OF EXPERTS

Philip Tetlock

Philip Tetlock has published a book that has illuminated precisely what I have been warning about as to WHY we need models – not opinions. There are too many opinions and many may appear to be intelligent and articulate authorities. The vast majority of these opinions contributed to creating the crisis and cheered it on failing to predict it at all assuming whatever trend was in motion, will continue in motion. Of course, after the fact, there has been a parade of talking heads appearing on the various TV screens espousing either the end is near or don't worry – be happy for the Fed is here!

Philip Tetlock, a professor of organizational behavior at the Haas Business School at the University of California-Berkeley, has been following the so called experts for some 25 years studying primarily the institutional forecasting skill of political experts. He had signed up nearly 300 academics, economists, policymakers and journalists keeping track of more than 82,000 forecasts plotting them against real-world results. He analyzed not just what the experts said but how they reasoned and how quickly they changed their mind in the face of contrary evidence. He also tracked how they reacted when they were wrong, which was of course the majority of the time. Most could not even beat a random forecast generator.



Tetlock's research did discover that there was one kind of expert turns out consistently more accurate forecasts than others. The most important factor he discovered was not how much education or experience the experts had but how they actually thought. The best forecasters were those who were self-critical, eclectic thinkers who were constantly updating their beliefs when faced with contrary evidence instead of clinging to dogma. He found the best were suspicious of grand schemes and conspiracies and were more practical about their predictive ability. The less successful forecasters clung to the same ideas never wavering pushing the same idea to the breaking point of absurdity. These types of people were more often embraced by the media because they loved to articulate and persuade as to why their idea explained absolutely everything.

Tetlock uncovered widespread forecasting failures. Of course, there is the herd of followers who for some reason want a GURU and unrealistically expect infallibility. This may reinforce the pundits that like to put on a show and claim why they are personally better than everyone else and only their ideas are correct and when wrong, it is the result of some giant conspiracy, not their lack of ability to forecast.

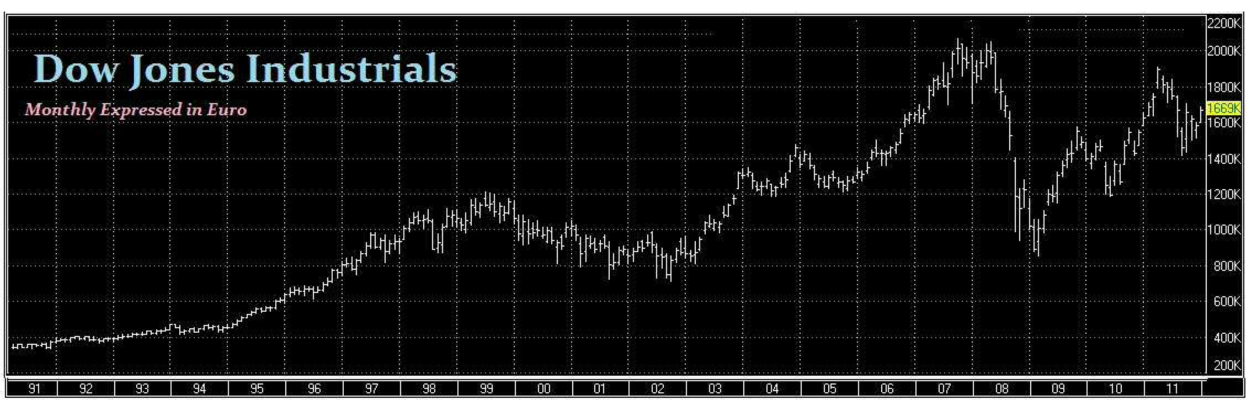
As I have written before, when I was first going to open up in Europe, I went to lunch with a friend in Geneva who ran one of the big banks. I ran a few European type names by him that we were thinking of using. He asked me to name a famous European analyst. I couldn't. I was embarrassed and said there had to be, but I just didn't know any. He said the reason everyone used Princeton Economics was because I did not give a shit if the dollar rose or fell. He explained that that each analyst in the various European nations were perpetually bullish their own currency. This was not unlike the gold crowd today. But the difference was that post-World War II the politicians in Europe used the rise in their currency as proof of their political accomplishments. Naturally, no analyst could ever say down without it being a political insult. No bank would ever tolerate their research analyst making such a statement.

The key to the future lies in the **UNBIASED** view of whatever it is. You cannot be married to a single position **EVER!** Tetlock points out that a successful analyst always qualifies their arguments with "however" and "perhaps," while the dangerous analysts build up momentum with "moreover" and "all the more so" as they try to be more entertaining. The dangerous analyst wants to keep the clients happy and to a large extent preaches to the choir telling them what they want to hear. Tetlock found that if you want good, stable long-term performance as a money manager, you had better stay far away from the dangerous type that profess to be always right and has a predetermined view that is not flexible. The one who is flamboyant and may score big one time, typically loses everything on the next "big" trade.

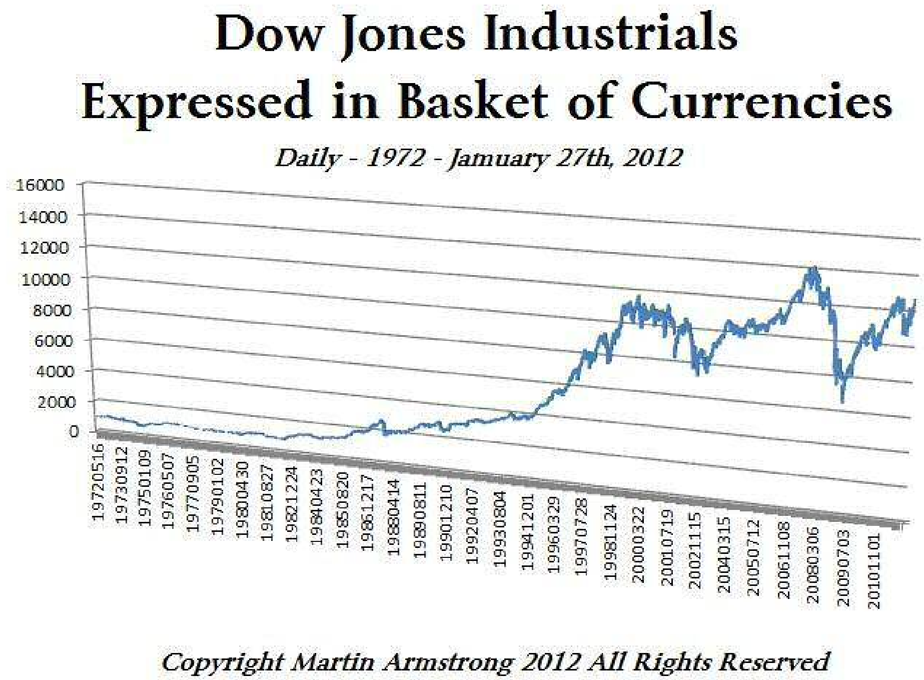
As I said at the conference, the **OBJECT** is always to **ELIMINATE** the personal judgment. The key is always understanding the marketplace. Cycles are **TURNING POINTS** – not specific highs or lows. The Reversals tell us the direction. The Directional Change on the 23rd showed it was to the upside. However, it is just a lot of noise until the previous month's high is exceeded 1769.40. Volatility should rise for the last week of January. But the 31st **MUST** close above 1755 to signal a possible rally into February. Nevertheless, the bias has to be put out the door if you hope to survive your own trading decisions. You can sell against a reversal or buy against them on an intraday basis, but the numbers are always the numbers.

THE DOLLAR BIAS

Another area of extreme bias is the anti-dollar view domestically and the anti-Euro view in Europe. Here is a chart of the Dow Jones Industrials expressed in nominal dollar terms. While there is the constant ranting against the fiat dollar, when you chart anything, including gold, it is in terms of dollars that are historically depreciating in purchasing power. Thus, the chart shown above in nominal dollars does not really reflect the true value of the Dow and its performance over the years. Still, take notice that the Dow is about 800 points above the 2000 high. The Dow reflects the BIG money, S&P 500 the broader view, and the NASDAQ the speculative retail money. So the Dow tends to be the leading indicator for international investment and this is why the Dow chart appears much stronger than the other two major indices.



Now look at the Dow expressed in Euro. The picture is strikingly different. This illustrates the problem with the dollar bears. There has been a rather steady outflow of investment from Europe that began with the 2002 turning point on the Economic Confidence Model. However, this immediate rally is weaker in terms of the Euro than it is in dollars. This is already starting to reflect the concern over the US Presidential elections. This is another contributing factor for the reason institutional and corporate cash levels are at record highs waiting for a sign from above which way to go next.



So when we look at anything, it must always be from a global perspective. Those that like to misrepresent things like the **ECM** or claim we forecast gold to go to $1,000 when we actually said the maximum decline would be to $1,000 and there was good support in the $1300 level, either miss the point or are doing so deliberately. For we also warned that 2012 could exceed the 2011 high in gold, but that would raise the volatility warning it could unfold as an outside reversal to the downside. What does that mean? It means there is a danger in the 13th year to make a new high, reverse course, and penetrate the previous year's low of $1310.50. The real point remains the **Sovereign Debt Crisis** on the horizon. That is ONLY a matter of **TIME** – not **IF!** That question of **TIME** is warning we may see that crisis hit 17.2 years from the 1999 low pushing us into 2016-2017 target which is where we have Panic Cycles. Yes we can produce a new high in 2012 since gold closed **ABOVE** $1434 at year end and this is target year 13 from the 1999 low. The 37 Year Monetary Crisis Cycle that hit in 1980 after the 1943 decision to set up the Bretton Woods Conference is also due in 2017. This **Sovereign Debt Crisis** began to unravel with the crisis of 2008, which was of course right on time 37 years from the birth of the **Floating Exchange Rate System** in 1971, which was 37 years after FDR confiscated gold in 1934.

Nevertheless, the targets for resistance above the 2011 high for any new highs in 2012 were given in the Metal Report. But to do so warns of higher volatility than normal and we could then have a very sharp decline after sucking everyone in on the long side. The one thing about markets is that the **MAJORITY** just have to be wrong! Why? They are the fuel that drives the market up and down. Trap the majority either long or short and you create the fuel for the next move in the opposite direction. So while Europe is suffering, it is not likely to yet collapse. Japan needs a final push and the USA is not going into hyperinflation any time soon. We will see the collapse of the Europe and Japan FIRST that will put pressure on the USA. With the US being the core reserve economy that is doing better than most others, it does not appear to be ready to fall apart just yet. We may have to wait for the next turn in the ECM 2015.75 to usher in another meltdown as took place after 2007.15. It will be those two years that follow into 2017 that will make everyone's nose bleed.

So for now, it is far better to let the markets speak. As I stated at just about every conference I have ever given, there is **ONLY** one analyst that is never wrong – that is the market itself. The key to successful trading & forecasting is to learn how to let the market speak to you and go with the flow. It does so in both **TIME** as well as **PRICE.** Turning points are **NEVER** specific events, but inflection points where highs and lows take place. It would have been nice to have a low first and a more orderly advance afterwards. But markets like to create the worst of all worlds. The Great Depression left no one untouched. The commodity boys were wiped out with the Panic of 1919, the real estate crowd was wiped out in 1925 as farm land kept falling through the Dust Bowl. The stock investors, as they were laughing at the real estate investors, had their day in the sun starting in October 1929 as the Dow fell to about 10 cents on the dollar. The bond investors laughed saying "see how conservatism pays off!" Well they were wiped out in the **Sovereign Debt Crisis** in 1931. Those who held their cash in gold had it confiscated during the bank holiday of 1933 and the farmers lost their jobs, land, and became the hobos of the day.

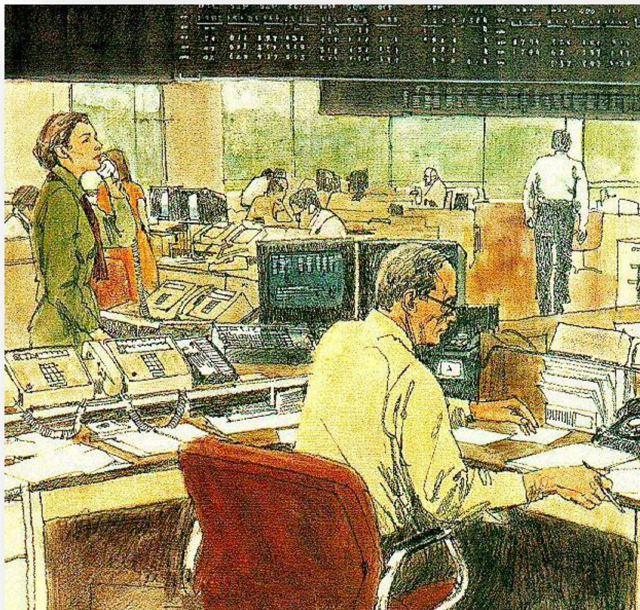
So real **GOOD** major upheavals leave **NOBODY** standing at the end of the day. The greatest trader of the era, Jesse Livermore, had enough. He just couldn't cope with the volatility anymore and committed suicide on November 28th, 1940, in the cloakroom of the Sherry Netherland Hotel in Manhattan. The greatest trader of the Great Depression exited the stage by his own hand. He left his wife and children more than $5 million and a note: "***My dear Nina: Can't help it. Things have been bad with me. I am tired of fighting. Can't carry on any longer. This is the only way out. I am unworthy of your love. I am a failure. I am truly sorry, but this is the only way out for me. Love Laurie***"

Jesse Lauriston Livermore
(1877—1940)

So for anyone who thinks he can beat the game as an analyst or trader, must remember one thing. The market is always right. To survive, we have to align ourselves with the market and listen when it speaks. This is not a game for arrogance and prognostications fixed in stone steeped in bias and dogma. History repeats – but also with a slight twist. So how high will gold go? It is a question of **CONFIDENCE**.

Cycles give us the **TIME** – by no means the identity of the event. Technical Analysis and the Reversal System provide us with the **PRICE** perspective. The two are separate and distinct. The Reversals illustrate the direction in a very black and white manner. We need that because the market will always do its best to try to ensure that nobody remains standing at the end of the day. You will **ALWAYS** be your greatest adversary, for to succeed you must conquer your own biases, fears, and doubts. You cannot do that as Philip Tetlock has keenly demonstrated with fixed ideas. If you are married to a philosophy and will not yield and blame everyone else for conspiring against you and that is the reason something has not yet unfolded, you better see a shrink. When the greatest trader of all time gave up, indeed, no one was left standing. As always: ***IT IS JUST TIME***.

2012 Subscription Services

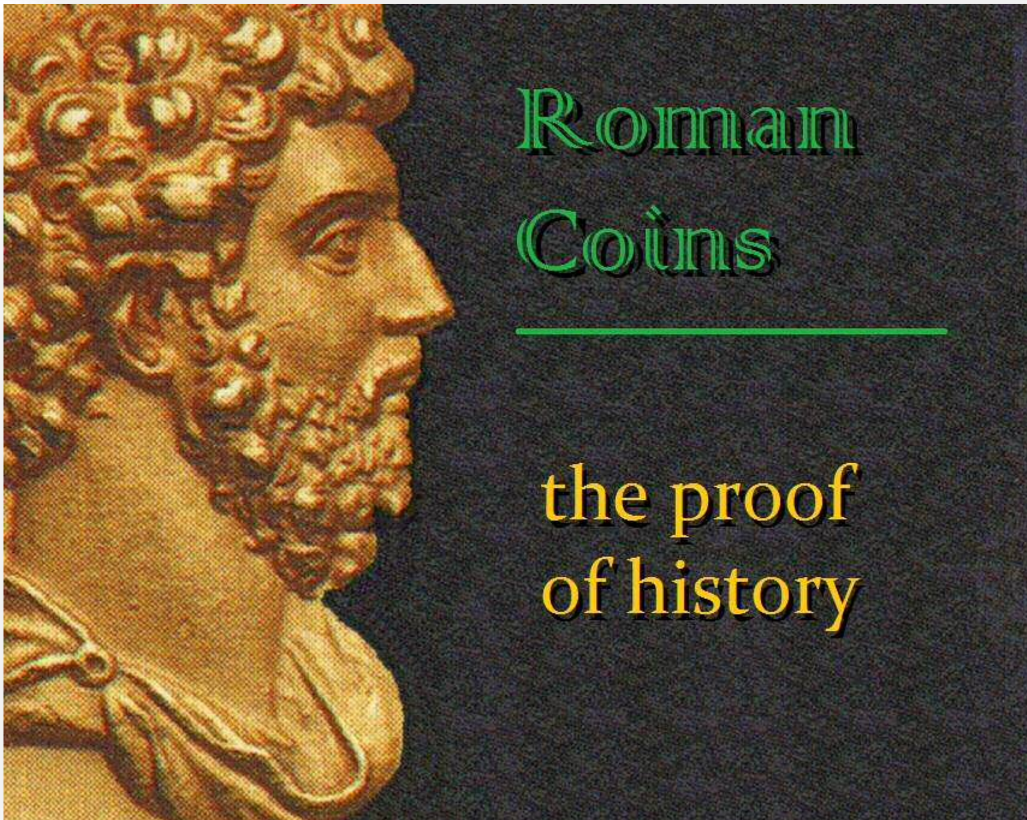


We will be starting up the subscription and per access service to the regular forecasting. This will not alter the current public service reports on explaining the events that surround us. The subscription services will be the computer generated reports that will cover the entire world. These reports will provide the specific forecasts for time and price. Those who are not trading will still have free access to the reports provided currently. Nothing there will change.

As far as services are concerned, there will be the general written reports on a monthly basis per market. You can obtain access on this level that will be reasonably priced for the average individual. For the institutions and individuals, there will be the daily reports available per access so you can gear the level of service and the number of markets to you particular needs.

We will also restore the alert service where you can input which markets to watch and the computer will send you an alert when it is time to add a position or to change direction. This will provide the full world economy for those with major portfolios. Those interested may get on the list by sending an email to:

PrincetonEconomics@HotMail.COM



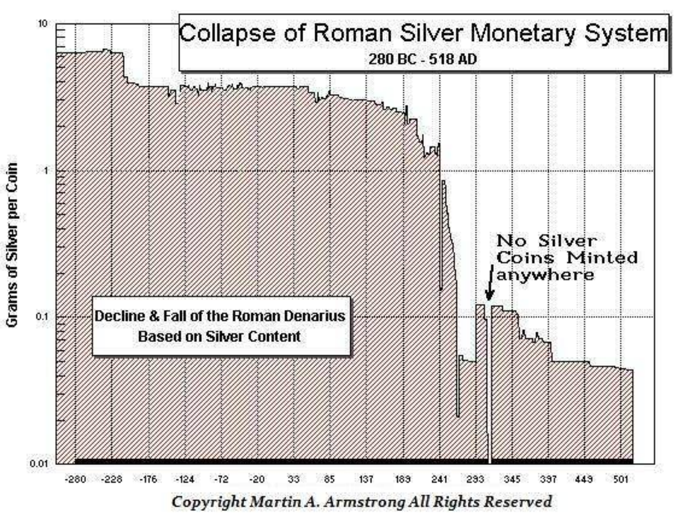
Roman Coins

The response to the offering of Roman Coins was simply overwhelming. So many people have written asking how they can buy Roman Coins and others realizing these are from the 3rd Century have asked are there examples available documenting the collapse of the monetary system? I have contacted some old friends with respect to making available a selection of Roman coins of this 3rd Century period for those interested in owning a piece of real live history and/or demonstrating the Monetary Crisis that led to the fall of Rome from a hoard of Roman coins.

AHENOBARBUS (supported Brutus) (9 Known)   Brutus (EID MAR) I Killed Caesar on Ides of March) (2 Known)

Because of the turmoil of the 3rd Century and precisely the dangers we face today as government goes after citizens hunting down their wealth to confiscate to sustain their existence, what happens is they cause capital to hoard reducing the **VELOCITY** of money. Hoards of Roman coins of earlier chaotic periods exist, although much fewer in number. Consequently, the earlier coins tend to be much rarer. As shown above, here are two gold coins from the Post-Caesarian Civil War period (44-42BC) that followed the assassination of Julius Caesar. In the case of Brutus, a non-portrait silver denarius would bring generally $2,000-$5,000 where a silver EID MAR (bragging he killed Caesar) would be $25,000-$100,000. There are only two gold EID MAR (Ides of March) coins and these today would bring more than $1 million. The gold Ahenobarbus (supporter of Brutus) would bring well over $50,000 today.

Hoards of the 3rd Century are far more common. Pots with up to 50,000 coins have been discovered, but of course the condition is often well corroded making such coins worth perhaps $10 simply because they are a relic of the past and a piece of history. Silver and gold coins endure through the ages much better than bronze. Thus, condition of coins during the 3rd century does help to reduce the supply of decent well preserved coins in proportion to the bulk that are found over time.



Consequently, those asking the question: ***Is it possible to obtain coins showing the drastic collapse in silver content of the 3rd Century?*** This collapse took place during the reign following Valerian I (253-260AD) who was captured by the Parthians (Persians) and stuffed as a wild animal trophy upon his death. His son, Gallienus (253-268AD) made no effort to rescue his father and the economic collapse thereafter is easily seen in the coinage. So the answer is yes! I have made arrangements for those seeking such an example of the Monetary Crisis of the 3rd Century.

<u>This is an accommodation – not a business</u>

Examples of the Monetary Crisis of the 3rd Century

PRESERVED BY A HOARD

In this particular hoard, the earliest coins were those of Valerian I (253-260AD). These appear to be silver coins, albeit the silver content is slightly below 50%. Valerian was captured by the Parthians of Iran and thus his joint reign with his son Gallienus (253-268AD) came to an end. Therefore, these coins were minted between 253-260AD. This suggests that the person burying this hoard began to cull the coins in circulation as the monetary system began to collapse. Additional silver coins of this period exist in this hoard as Salonina, the wife of Gallienus. These also are from the same period of 253-260AD.

The last coins found in this hoard take us up to Dioclectan (284-305AD) and his joint ruler Maximianus (285-305AD). Since the monetary reform of Diocletian took place in 295AD and the coins included within this hoard were pre-reform, this suggests that this hoard was assembled covering the period of 253-295AD or 42 years. It was discovered in England and thus includes coins struck by Postumus (259-268AD), which were once again a restoration of silver. For you see, in 259AD because of the monetary crisis brewing, there was a division of Europe. The **Gallic Empire** was born and thus France, England, and Spain separated from Rome and were not reunited until 273AD. Therefore, the **Gallic Empire** lasted officially about 14 years while the full duration was 15.7 years (1/2 the Pi Cycle) from the rebellion reflecting similar to the breakup of the USSR.

Pictured here are the debased coins of Gallienus. Most of these once silver coins are not merely reduced in weight, but are struck in bronze and are generally of a very poor quality with respect to workmanship, style, weight, and regularity. Precisely as the USA and all countries did in 1965, the Romans also removed silver from the coinage, but in modern times we replaced it with a white meal (nickel) to give the appearance of silver. The Romans pulled a similar trick. They issued the coins in bronze, and then silver plated them to make them **appear** to be silver. Such coins that survive with the silver plating intact are naturally much more difficult to find. The silver plating wore off quickly, and any hoard coins that are cleaned that had the silver still present, end up removing the silver to get rid of the corrosion. Pictured to left, are four coins with much of the silver plating intact, but as often the case, they are badly corroded. Bronze does not survive well in the ground. Consequently, finding acceptable specimens with the silver intact is very difficult.

The question has long been, just how did the Romans silver plate the coinage without electricity? These ancient metals craftsmen working in the Roman mints at that time had discovered how to apply a complex principle of chemistry involving oxidation and reduction to achieve silver plating. This process would not truly be entirely understood by scientists until the 19th century.

The ancients probably learned the technique by observing special rare cases of naturally occurring processes. Throughout history, we find plated coins were often produced. The process seems to be discovered by counterfeiters. The earliest official use of the trick dates back to the Peloponnesian War where Sparta defeated Athens in 404BC. Illustrated here is a silver tetradrachm on the left and the official issue toward the end of the war as Athens was running out of silver and resorted to plating bronze coinage. Again the issues are very crude and rare with the silver plating intact.

Claudius (41-54AD) - *Fouree Denarii*

Rare contemporary silver plated forgery of a Nero denarius

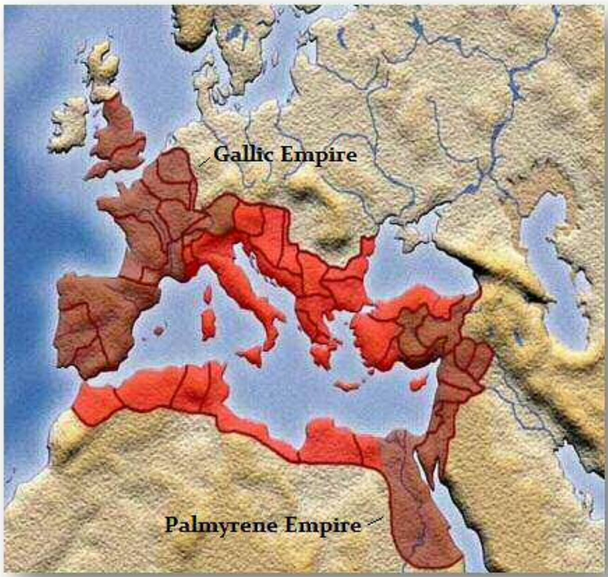
Pictured above, are genuine coins of the Emperor Claudius (51-54AD) that are ancient counterfeits but officially produced by the mint. These are bronze coins produced from the official dies, yet are silver plated. This demonstrates that the bureaucracy always has had its own agenda. These coins stand as evidence of how government workers were scamming the process of producing money. These "***Fouree Denarii***" are extremely rare and will bring much more than a genuine silver denarius. These coins stand as witness to the fact that the ancients knew how to plate bronze coinage for hundreds of years.

During the early days of the Roman Republic pre-27BC, "***Fouree Denarii***" were produced by covering copper blanks with a sheet of silver on both sides and heating to weld the metals together. Alternatively, heated copper could be quickly dipped into molten silver accomplishing the plating appearance. Both of these processes required a considerable amount of labor to produce coins reducing the incentive to create such counterfeits. These official ancient forgeries are known by their French term - "***Fouree***".

The method of plating that was used during the 3rd and 4th Centuries was substantially different. The Roman moneyers had discovered that copper could be etched away by certain acids and corrosive salts that will leave silver untouched. A coin blank was made in the regular way of alloying two metals containing about 5% silver, sometimes even less, with the majority being copper. The blank was then dipped in a "pickle" type solution of corrosive salts and acid. The process could be repeated heating the planchets again followed by another dip to speed up the process. The copper was dissolved out, leaving a microscopically thin layer of sponge-like pure silver that now covered the surface of the blank. When the planchets were then struck with the dies, the sponge-like silver was flattened down and spread across the surface of the coin, creating a stunning, brilliant silvery finish on the coin. This silver plating soon wore off in circulation leaving a bronze coin.

Absent from this immediate English hoard are coins of Macrianus (260-261AD) and his son Quietus. These were Eastern usurpers declared emperor by the troops following the capture of Valerian. The absence of these coins illustrates that much of the circulating money supply in the West tended to be local. Also absent are coins of Regallianus (260AD) a brief usurper in the Balkans.

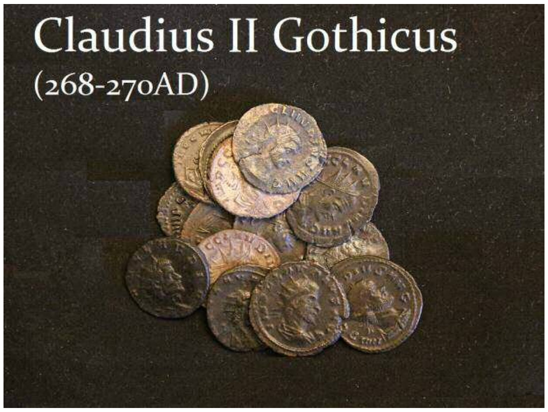
The economic decline that caused the disintegration of the Soviet Union due to fiscal mismanagement and excessive control of the people as the United States is now adopting where everyone is a terrorist, can be seen as history repeating. The economic decline of the 3rd Century brought more than just the rise in Christianity as people prayed to their gods and nothing happened. As illustrated here, the Roman Empire split at first into two parts with the **Gallic Empire** breaking away including England, France and Spain. Then less than a decade later no doubt encouraged by the fact that the **Gallic Empire** was able to sustain itself and Rome could not take it by force, we find in the East at Palmyra there was hope that they too could separate into a new empire free of Rome. Economic declines open the door to political changes on a grand scale. Those who fail to understand that the more aggressive the United States becomes with its taxation, the greater the possibility that the nation will split also along religious ideals is historical precedent.



Fragmentation of the Roman Empire
Gallic Empire Splitting 260AD and
Palmyrene Empire Splitting in the East in 269AD.

The Gallic usurper Postumus (259-268AD) took Britain, France, and Spain up to the Rhine River and carved out a new Empire. Here the coins are silver once again and Postumus portrays himself as the great restorer of the economy. There are small quantities of his successors' coins found in this hoard.

Gallienus' immediate successor after his assassination was Claudius II Gothicus (268-270AD). His coinage is generally of the same poor quality as that of Gallienus at the end of his reign. The coins are poorly struck, bronze and silver plated, which quickly wore off. Claudius was given the title "Gothicus" for defeating the Gothic barbarian tribes. Claudius was most likely part of the conspiracy against Gallienus along with Aurelian. The Goths brought with them a plague and thus Claudius died of the disease just shy of two years of a reign.

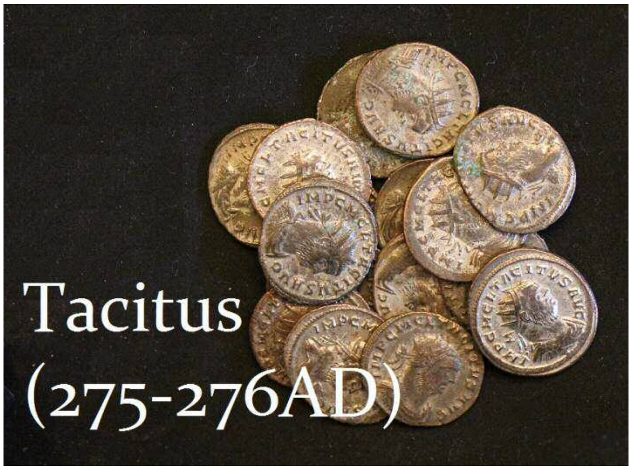


Claudius was succeeded by his co-conspirator against Gallienus – Aurelian (270-275AD). Aurelian was the great restorer. He is the one who built the wall that still surrounds Rome today. He constructed that due to the swarm of barbarian invasions. His coinage reflects the first monetary reform that provides the bounce coming out of the low on our chart. The workmanship is greatly improved, and the coins take on a general uniform look. They are marked "XXI" or "KA" and this states that the coins, although are still bronze, now contain 1/20th part silver. This reflects the official acknowledgment of this chemical process to create silver plated bronze coins. Now there is no return to silver coinage, just a claim that a tiny portion of the coinage is now silver mixed in with the bronze.

Aurelian's reform is clearly extensive. The increases both the size and the weight of the antoniniani as they now took on a more uniform appearance. Aurelian officially adopted the silver plating process and increased the size and weight of the gold coins from 5.5 g to 6.5 g. He made no attempt however to reintroduce any silver coinage. Additionally, he made an extensive production of coins bearing his wife's portrait Severina. These coins however are approximately 3 times as common as those of his wife.

Aurelian is assassinated because of his reforms. The internal bureaucrats, corrupt as we see they are today, plot against him to prevent him from cleaning house so to speak. So we see clear parallels – (1) Rome splits because of the monetary crisis just as did the USSR, and (2) the bureaucrats were running government **(BACKROOM DICTATORSHIP).** Because it was the bureaucrats who killed Aurelian rather than a general, we have a brief period of the **Interregnum** where the Senate issued two bronze coins without the image of an emperor.

Æ Bronze Sestertius of Interregnum of 275AD



After the death of the Aurelian, the troops of the Balkans wanted to disassociate themselves from the assassins in the bureaucracy. They petitioned the Senate to nominate the new ruler. This was highly unusual since normally he would have been overthrown a general. In this case, it was a corruption of the bureaucracy that took down a Aurelian. The Senate nominated Tacitus (275-276AD) who was an elderly senator claiming descent from the famous historian of the same name. Tacitus was 75 years old. He joined the troops in Thrace to defeat the Gothic invasion. The traveling prove to be burdensome and Tacitus died in April of 276AD.

Following the death of Tacitus's half-brother Florrianus (276AD) claimed the throne. His rule was recognized by the Senate and most of the Western provinces. However, the Eastern armies proclaimed Probus to be emperor and thus the two were locked into confrontation. These armies met at Tarsus. However, before battle took place, Florianus was murdered by his own troops after a reign of only two months.

Probus (276-282AD) was a highly competent emperor for he was not merely experienced as a general but he also attempted to restore the economic livelihood of the Empire. To some extent Probus represented a time where the prestige of Rome had declined greatly due to the barbarian invasions. Probus was to some degree very much like Ronald Reagan insofar as he sought to restore the “prestige” of the Roman Empire much as Reagan came at a point in time where the United States had been humiliated by Iran.

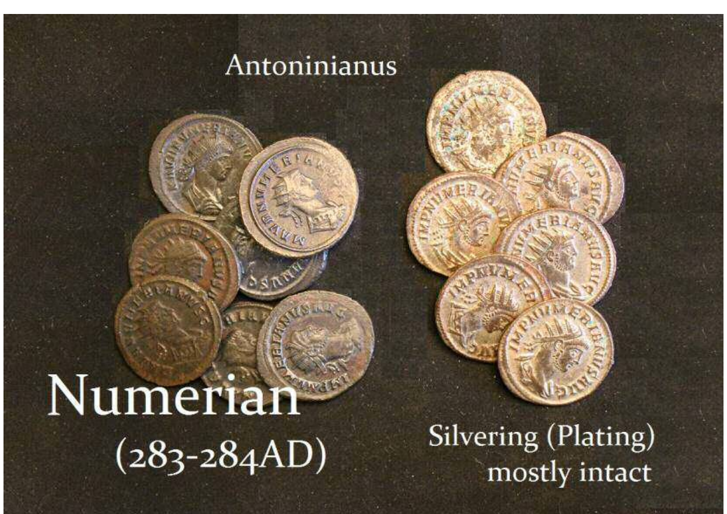
The interesting aspect of the assassination of Probus 282AD is that he was murdered because of his attempts to reform the bureaucracy. In this particular case Probus was murdered by mutinous troops who objected to being used for public works. We must keep in mind that the military received a full pension after 20 years of service similar to the current situation with government employees of modern-day. Having such a huge paid force who were entitled to pensions, Probus attempted to achieve some economic gain by having the military construct public works.

Saturninus (28oAD)

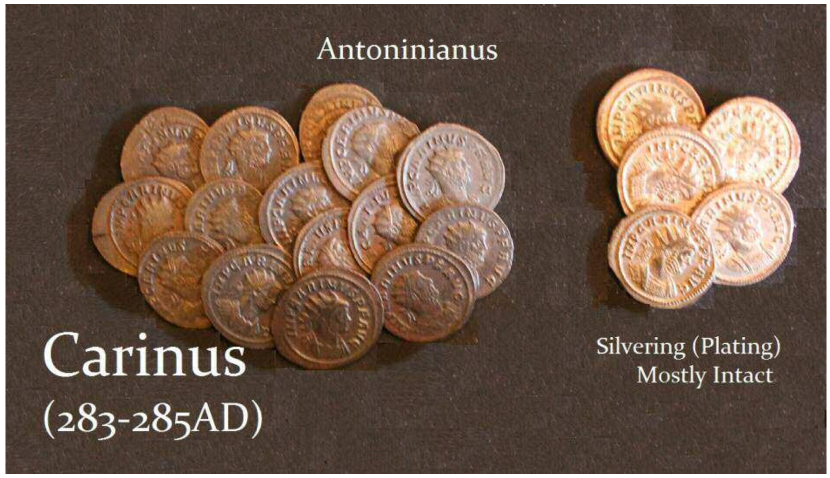
Bonosus (28oAD)

Even during the Great Depression of the '30s the Empire State building in New York City was constructed and gave the much needed boost to the morale of the population. In this same context we find Probus was attempting to restore the confidence of the people through also establishing public works. It was the corruption of the bureaucracy that had not merely killed Aurelian but now rose up also against Probus. There were two usurpers during this period time approximately during the year 280AD. The first was a general Saturninus (280 AD) located in Egypt (***the rarest of all Roman coins***). Not much is known of Saturninus and only two coins exist one being located at the Louvre in Paris. The second usurper was in Britain by the name Bonosus (280AD). His coins tend to be very crude and extremely rare. Neither of these coins existed in this hoard.

The Praetorian Prefect Carus (282-283AD) was duty bound to protect Probus. Upon his assassination the troops haled Carus to be emperor who raised his two sons to the rank of Caesar - Carinus this and Numerian. Carus set out on a campaign against the Persians who he defeated. However, he was struck by lightning in his camp at the Persian capital in late 283AD. Carus perhaps one month before his death raised his two sons to the rank of Augustus meaning co-emperors. Numerian was with his father in Persia and after his victory against the Parthians, he led the troops back to Europe when he was discovered murdered in his litter. The Commander of the Imperial bodyguard was Diocletian who immediately accused the Praetorian Prefect and had him executed without trial. It is quite possible that Diocletian may have had a hand in the death of Numerian. So once again we have a very short-lived emperor

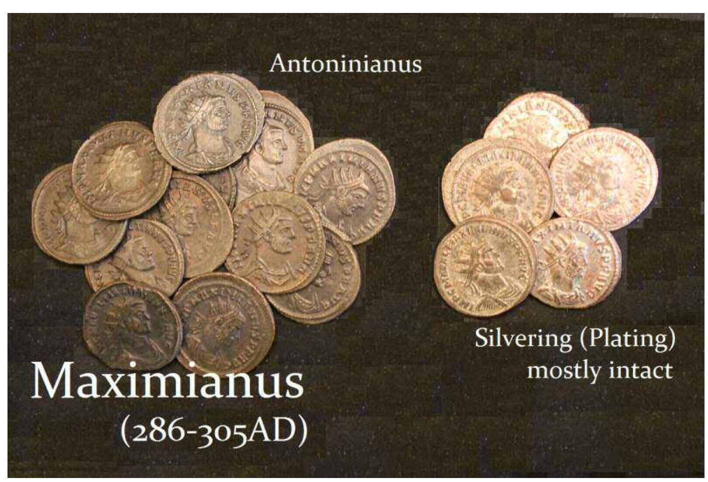


With Carinus (283-285AD) we still see the Aurelian standard reformed coinage 1/20th part silver with the silver plating. When his father and brother set out for Persia, Carinus remained in Rome. In the Balkans a new usurper appeared known as Julian of Pannonia (284-285AD) (*whose coins are absent from the hoard*). Carinus confronted him near Verona and slew him in battle. He now had to face Diocletian who is was hailed by the troops in the East as Emperor and was marching against Carinus who actually defeated Diocletian in battle yet was nonetheless murdered by his own troops leaving Diocletian as the new Emperor of the Roman Empire.



It was now Diocletian (284-305AD) who came to the throne with new ideas about how to turn the economy around and strengthen the borders of the Roman Empire. It was during the year 295AD or 296AD that Diocletian began his monetary reforms. He introduced a new silver coin that was equal to five bronze folles that was also a new coin equal to 2 1/2 bronze antoniniani. The follis adopted the Aurelian reform insofar as its fabric consisted of one part silver to 20 parts copper. The post reform antoniniani became pure copper abandoning the one part silver denoted by the marking "XXI" that now appeared on the follis.

Diocletian realized that the Empire was too big for one man to manage alone. Part of his political reforms included dividing the Empire between East and West with two emperors and he selected Maximianus (286-305AD). There were also two Caesars who were the heir apparent forming the Tetriachy. Diocletian became the first emperor to retire. While the empire was actually divided between east and west, it would be Constantine I The Great who would move the capital to the east creating Constantinople (modern Istanbul).



ROMAN COINS DOCUMENTING THE MONETARY CRISIS OF THE 3RD CENTURY

			Bronze	Silvering Mostly Intact	Silver
Valerian	253-260	Silver			200
Gallienus	253-268	Æ	40		250
Salonia	253-268	Silver			200
Postumus	259-268	Silver			125
Claudius II	268-270	Æ	50		
Aurelian	270-275	Æ	50		
Severina	270-275	Æ	100		
Tacitus	275-276	Æ	150	300	
Florianus	276	Æ	300	500	
Probus	276-282	Æ	65		
Carus	282-283	Æ	85		
Numerian	283-284	Æ	100	250	
Carinus	283-285	Æ	75	150	
Diocletian	284-305	Æ	50	125	
Maximianus	286-305	Æ	50	125	

The quality of these coins is virtually Extremely Fine without corrosion. All names are legible. These are the selected quality from the hoard and and are not the typical low grade junk often sold. This provides a good sampling of this period (minus the extreme rarities) that have survived thanks to the tremendous economic upheavals of the times that led people to burry their wealth.

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