

We are entering Phase II of this Debt Crisis moving now from Mortgages into Commercial Property and headed directly in a Sovereign Debt Crisis.

I have warned that the Dow will make new highs & I do NOT see a 1929 collapse in stocks. My greatest fear is Debt. The amount of money in Bond Funds relative to stocks is 10:1. What made The Great Depression so Great was NOT the stock decline, it was the 1931 Sovereign Debt Defaults that wiped out all those who thought they were so smart escaping stocks, they lost everything in bonds. At least stocks rebound. You can go to antique shows and buy bonds to hang on your wall from the 1931 defaults.

The Dow did NOT close above 10,800 for year-end 2009, but its closing was neutral - not bearish. 11,000 is the key resistance going in April. The NASDAQ has already exceed the Dec '09 high, but its decline was a perfect 8.6 frequency 17.2 days where the Dow was 13 days. Nevertheless, we may see a high going into the π target from 2007, retest of support, and then rally to new highs for 2015.

The Debt crisis should grab headlines again for the 2nd half of 2010, but due to my location, I can't get to materials vital right now to be more specific. It is still possible that the Sovereign Debt crisis begins from June 2011 with Commercial Property preceding that 2010-2011, the final end may be as late 2015. There is still a possibility we will see it early 2011-2012. I need to get my hands on data to provide that right now.

Do not get caught up in this Doomsday stuff that stocks go to 1929 levels so buy bonds. That is the worst possible outcome you will run into. Read Herbert Hoover's Memoirs on the 1931 Crisis. Then you will know what to expect and how capital really moves. You will also know more than most governments.

Thank you for your letters. I will answer EVERYONE.

Martin A. Armstrong
America's #1 Political Prisoner