

## A FEW GENERAL COMMENTS (1/29/07)

Portfolio Insurance through shorting S&P500 futures was the rage in 1987.

Institutions were using this system which guaranteed them Catastrophic Insurance up to a FIVE SIGMA Event!

Comes along Black Monday which measured 7-SIGMA on the Market Richter scale!

The entire Western Civilization financial system very nearly melted down, especially Tuesday morning with the DJIA off another -250 or so first 15 minutes, with few stocks even OPEN!

FED says to banks -

"Anybody from Wall Street comes in asking for money - GIVE IT TO THEM!"

DJIA went positive by 10am, 15 min later.

Next day Prez Ronnie Reagan forms "The Working Group on Markets" (affectionately known as the 'Plunge Protection Team') and tells them "Don't let THAT happen again."

That was FED Reserve Chmn, New York FED Chmn, Sec of Treasury, Heads of SEC & CFTC, NYSE and a few others.

The next really bad FAT TAIL was the Fall of the Ruble (Ruble to Rubble) triggering LTCM debacle.

After that, week after 9/11 was the worst week since the Fall of France in May 1940.

Since then, NO FAT TAILS in DJIA with lowest Volatility in modern history.

A 'normal' year has 2 -10% declines and one -20% decline.

We have not had a 9% decline in over 4 years!

The NEXT FAT TAIL will have to be big enough to wipe out the US Treasury.

That will only happen if/when nations refuse to take any more of our toilet paper.

Actually, they don't have to SELL any, just SLOW their BUYing, as we require \$2 Bn per business day to keep our economy FLAT.

Several have already stated their intention to "Diversify out of US Dollars".

Saddam had the ONLY country taking Euros for Oil, against the US Monopoly.

IRAN has stated they will soon open an Oil Bourse accepting Euros & possibly other currencies. US is prepared to assist Israel in an attack on Iran any moment.

Now Russia has promised to accept Euros for their Oil - Will we attack them, too?

That means that all that is needed now is the LAST STRAW on the Camel's back!

If the Dollar Index breaks the Dec 2004 low of 80.48, (now 85.10) the Game is Afoot!

Our Mars-Uranus Crash cycle remains active until March 27 2007.

If no devastation occurs by then, it won't happen until August 2008, earliest.

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