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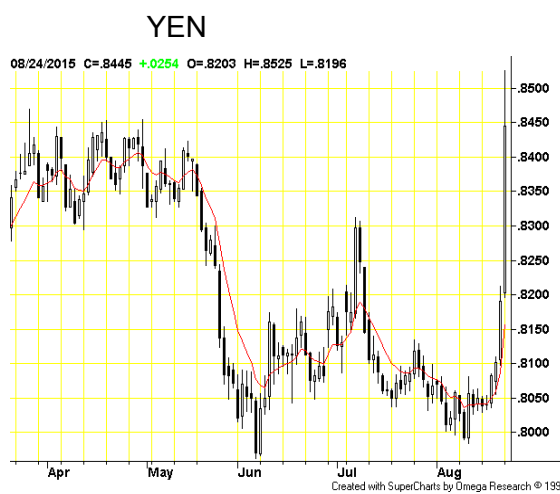
Finally the market got sick of Yellen and the FED and their talk of an interest rate hike in the middle of a deflation wave and sent them a message - “that they are blowing smoke.”



The two largest economies in the world are the U.S. and China. The strength in the US\$ has hurt both economies because the Chinese Yuan was a defacto peg to the US\$ until about a week ago after the announced devaluations by China. The U.S. Government and FED can lie all they want about how good their economy is and it is improving, but the reality - it is going down and the drop in exports by major trading partners to the U.S. called their bluff.

Perhaps I am no genius and many others seen this too? I don't know how anyone with a bit of economic sense would not pick this up. Canada, then China, then Japan all blamed falling exports for their economic woes and the U.S. is the largest trading partner with each one of them.

If you remember, a few times I commented that it was hot money from around the world pouring into U.S. markets, feeding the bubble in stocks, bonds and US\$. I commented that this money could leave very fast and so it did, it was mostly foreign money that called the Yellen bluff. This shows up because of the fact major currencies seen strong up moves against the US\$ in this sell off.



Swiss Franc



US\$ Index



The BULL Market in US stocks is over

I make this statement because all the hot money from abroad that drove the Bull market and Bubble in stocks is not coming back anytime soon.

I think it will be quite sometime before we have a Bear market but I doubt we test previous highs and probably trade in a range for a while forming a right shoulder on the chart. For now I believe we have seen the worst of the sell off and got quite close to my 1820 target area



Notice a big surge in volume, greater than the sell off of last year, a sign of a temporary bottom or panic

The VIX – Volatility Index seen a huge spike yesterday to over 50. It was only higher in the 2008 crisis. This is also a good indicator of a panic bottom



I am not saying the correction is over, but we have seen the worst of it. The bottom could well be in for now.

The biggest risk I see at this time is if the FED continues to blow smoke and talk about an interest rate increase. The increase would really mean nothing, **but it is the perception that this is the wrong policy at the wrong time.**

In contrast, Yesterday China lowered rates and this is the fifth time that the bank has cut key interest rates since last November. The announcement was made after China's main Shanghai Composite stock index dropped 7.63 percent Tuesday, following an 8.49 percent plunge on Monday. The People's Bank of China will lower both the one-year lending rate and the one-year deposit rate by 25 basis points to 4.6 percent and 1.75 percent respectively.

As I commented, all stops will be pulled out to try and prevent a bear market. We got the first hint yesterday as the NYSE issued a trader alert Monday saying it will halt trading if the S&P 500 index falls by at least 7%. This would likely be a 15 minute halt and would be across the board on all exchanges.

There is one thing for certain, **we have seen the completion of a major shift or rotation** in the markets. This probably means the end of the U.S. Stock and Dollar Bull Market. And probably an end to the Precious Metals Bear Market.

As confirmation I will be watching the US\$ Index

Below I show a weekly chart of the US\$ and I drew a candle in for this week. It looks like we broke down on the chart, but not for certain yet because the Index managed to close above 93. I expect we will see further weakness as more foreign funds leave the US bubble. When we go some what lower on the chart it will confirm the head and shoulders top and a new down trend has begun.

Of course bullish for the US\$ price of Gold, but Gold is already in a new uptrend in most currencies.



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