



# MARKET SEMIOTICS

By Woody Dorsey

Publishing from Vermont Since 1985

## BEHAVIORAL FINANCE STRATEGY: 1/31/2012

**COMMENTS ON FINANCIAL CULTURE:** Financial Culture remains @ secular risk. Central Bankers are still Grasping for Liquidity Gambits. Politicians are predictably Ridiculous. But, Reality remains Bivouacked. The immoral economic union of an *eventual Inflation* and a **SobrietySociety** is structurally Corrective for Financial Culture. An **AwesomeAusterity** Awaits. Beware **Gaianomics**. (Unusual Planetary Weather.) No Sovereign nation is exempt from a **DebtDebacle**. Pandemic Social Unrest will be synchronistic with Equity Woes in Q3 2012. Occupy Wall Street will segue to Occupy Main Street and who will Occupy Pennsylvania Avenue? The Crisis isn't Over and it won't end Well. An 2013 Abyss will convincingly Cleanse Financial Culture. It won't be pleasant but it will provide a wonderful buying opportunity. The profile for a Spring **Spring** Precipice is setting up. Prepare to be seduced. Don't Fight the Fed! Ben is inevitably bullish Gold and Volatility and Bearish Paper Assets. It will come to pass but not right away. It won't be EZ trading. Preserve your Psychological Capital. Wait for an **AboutFace** moment. **FaceBook** may tell.

**EQUITY STRATEGY:** The expected Recovery continues. Generic profile for a Spring **Spring** into March. Stocks are dangerously maturing. A break into April and, maybe May pops B4 a perfect precipice for the 2013 Abyss.

**EQUITY TACTICS:** Don't be napping in the deep end of the Liquidity Pool.

**GLOBAL EQUITIES:** **EuroWoes** were discounted as expected allowing this drift up. They have a bit more time but the Euro Crisis will be Returning.

**FIXED INCOME:** A seductive distribution may persist for months?

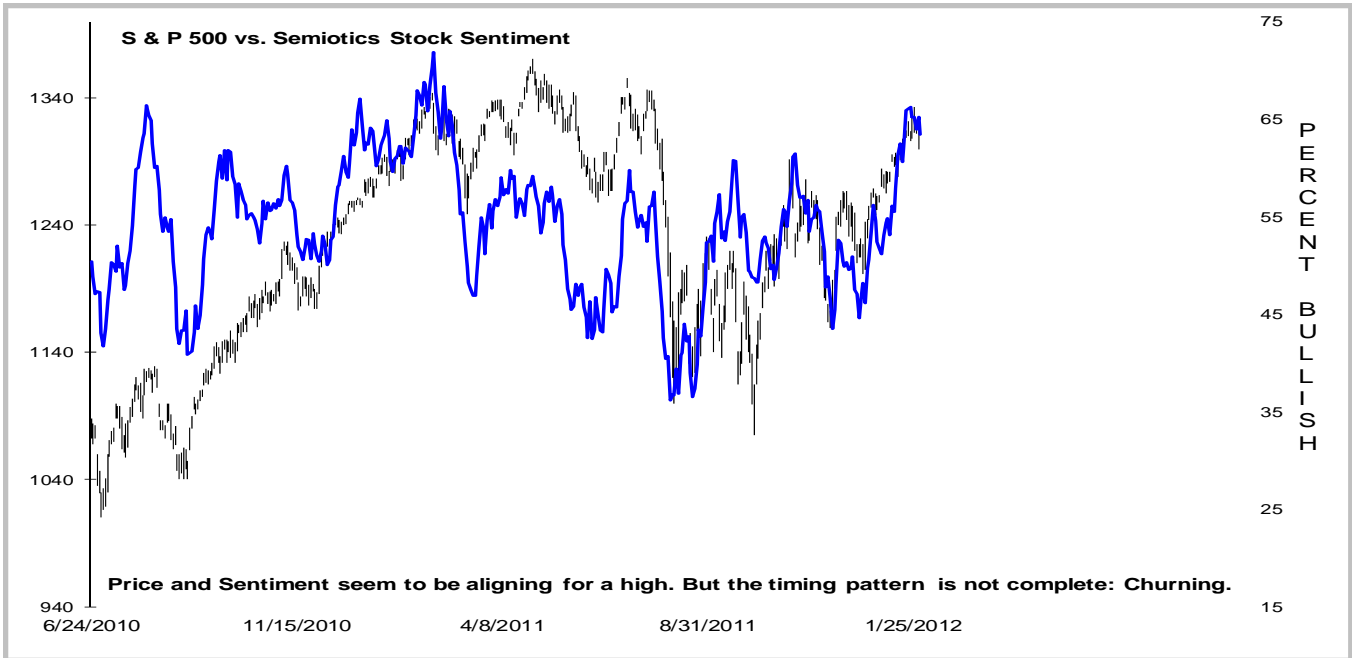
**FOREX:** Profile argued for interim high. Reversed but may Range for now.

**COMMODITIES:** The "**Repricing of the Planet**" isn't over but the 2013 **Abyss** & the **SobrietySociety**, argue for Corrections. "Risk On" was due and continues, for now, into March. Geopoliticals may become major later in 2012.

Information is for paid subscribers & may not be copied or distributed. © Copyright 2012.

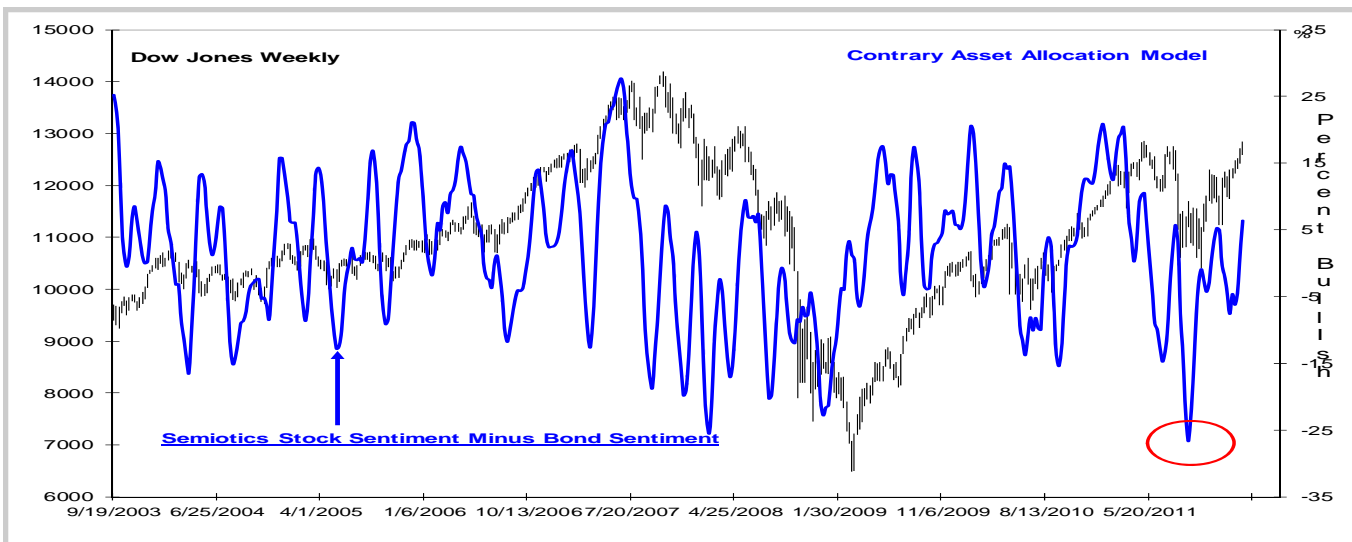
The information contained herein was provided by Market Semiotics, Inc. does not make any representation or warrant with regard hereto, including but not limited to those of accuracy, completeness, reliability, timeliness and/or infringement on the rights of third parties.

**EQUITY STRATEGY:** The **May** high remains as a major Top. The Recovery from the Capitulation low has become almost strange. Strength was due into 3/15ish. There is a trading low due 4/17ish. Thus there may be some Down/Up sequencing into a Divergent Top, maybe even into May, B4 the Precipice.



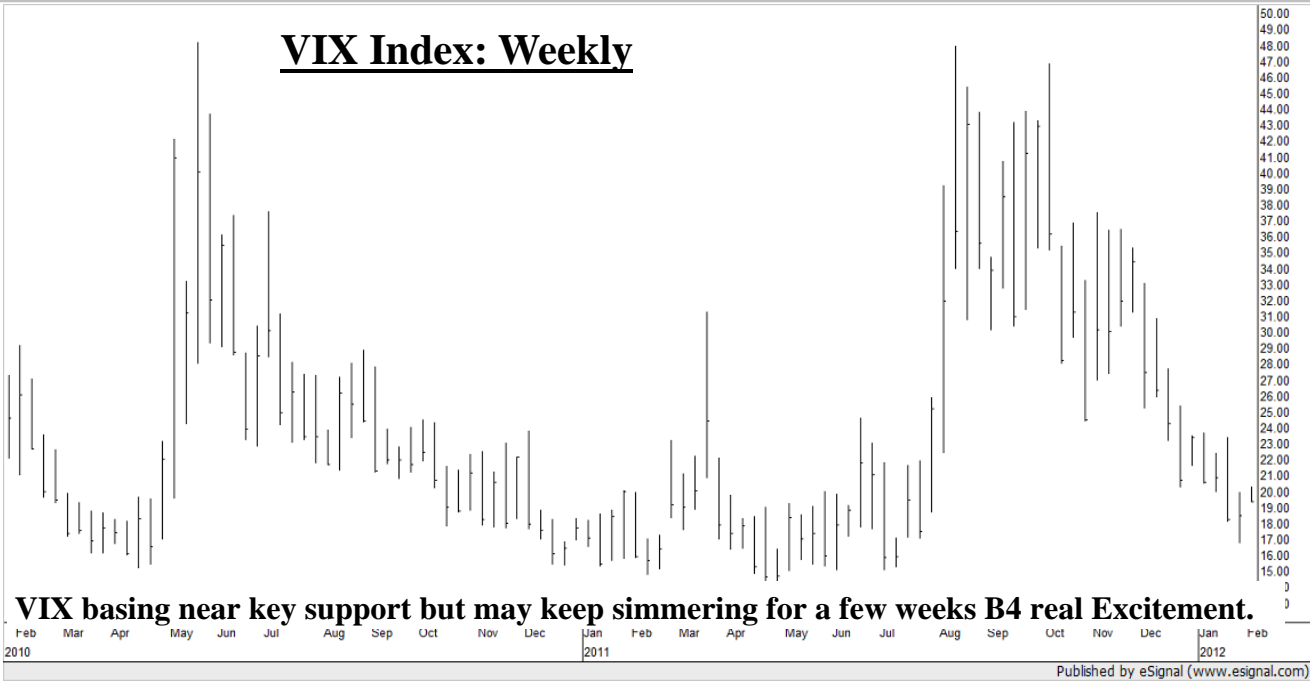
**THE MARKET SEMIOTICS CONTRARY ASSET ALLOCATION MODEL:**

Shows the psychological preference for owning stocks relative to bonds. The model issued a signal to prefer Stocks over Bonds in early October. Indeed, Stocks have been outperforming Treasuries and that signal is still operative, albeit maturing. We allowed that, “another sharp burst up in Stocks relative to Treasuries.” Don’t be too Rational, or too Bullish about Stocks or, Bonds.



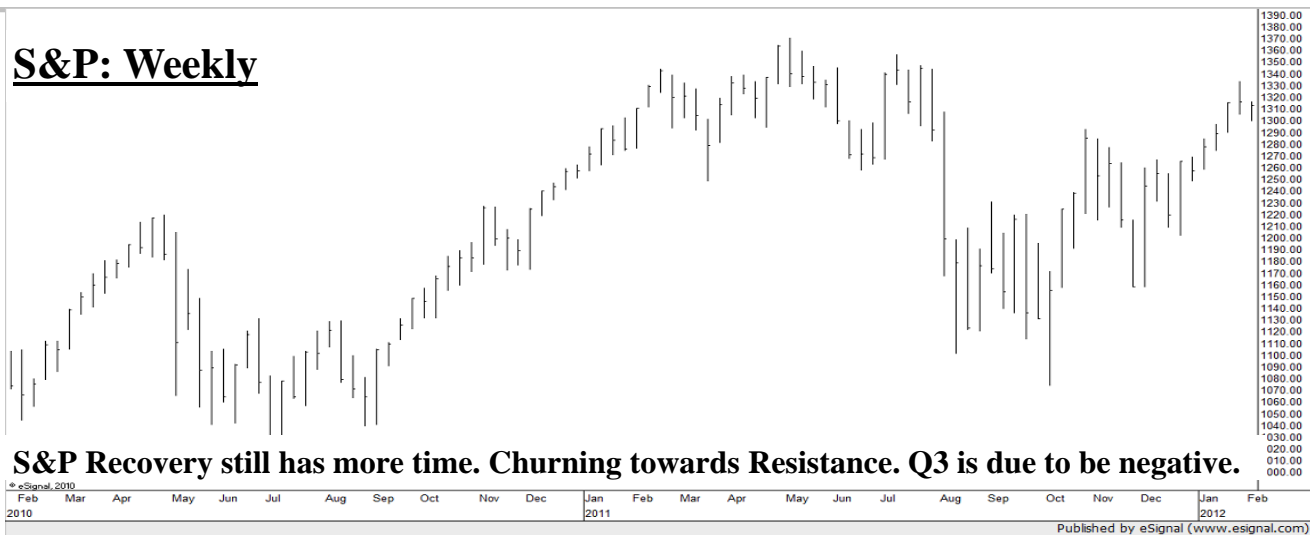
**The VIX (Volatility) Structure:** VIX has been corrective and as profiled, has remained subdued. This behavior mirrors the maturing strength in stocks. Profile allows for more seductive, slovenly basing but a huge move up will materialize in Q3. Maybe a good rally from Mid-March into Mid-April.

**VIX Index: Weekly**

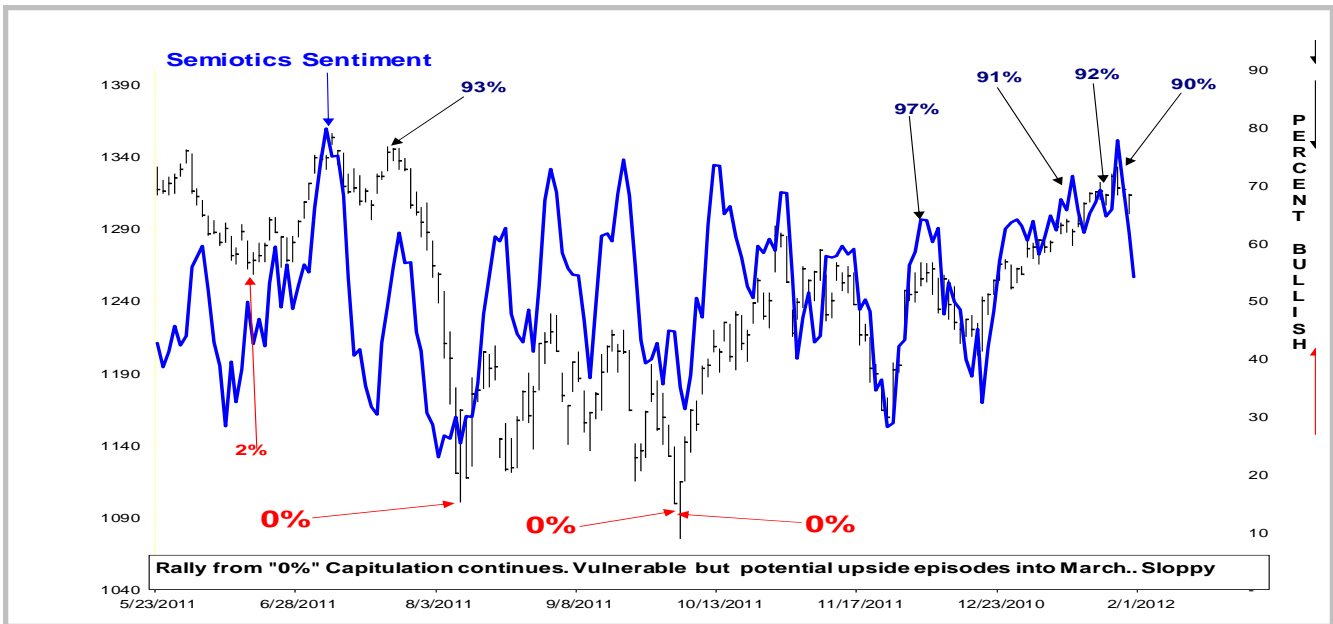


**Weekly Profile for the S&P:** The profile continues to be Confirmed. There is still time allowed for the Recovery to continue. The profile is bearish from 3/14ish &/or possibly in May into this Fall. It behooves one to patiently allow a Top to completely complete.

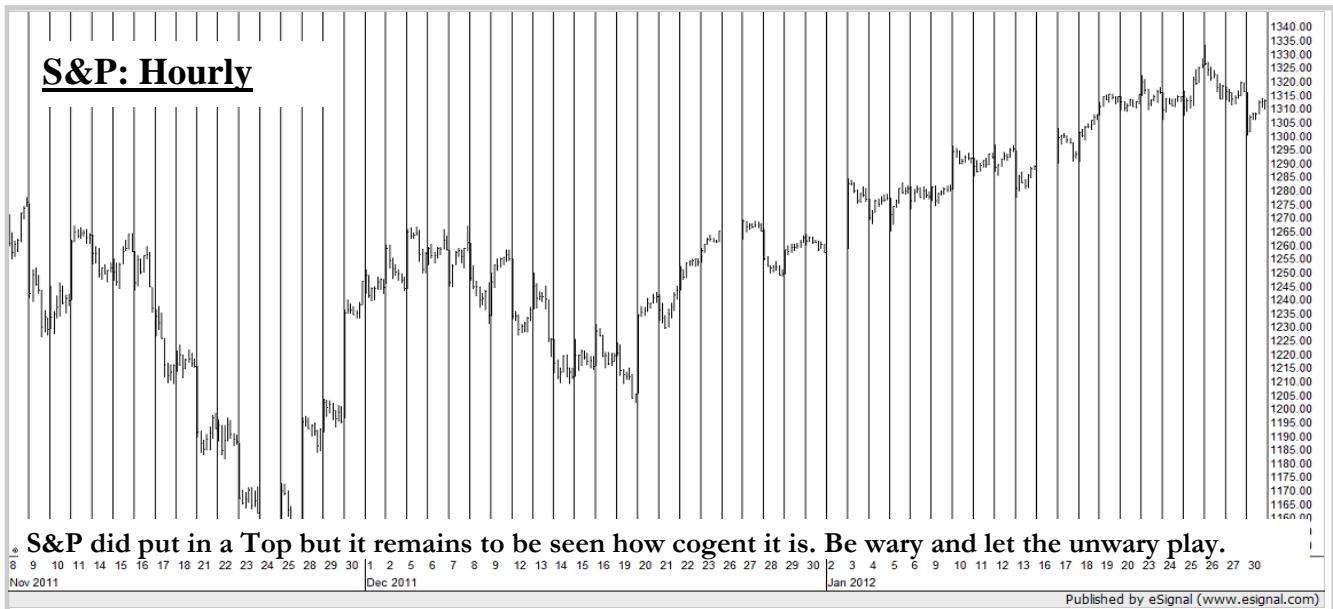
**S&P: Weekly**



**EQUITY TACTICS:** Stocks have been remarkably persistent. This behavior is an aspect of the seductive Spring **Spring** Precipice. The upcoming turning points which look like this: 3/5ish (Setback penultimate to final thrust?), 3/14ish (Optimistic Trading High), 4/16ish(Trading Low.) Its a tricky game.

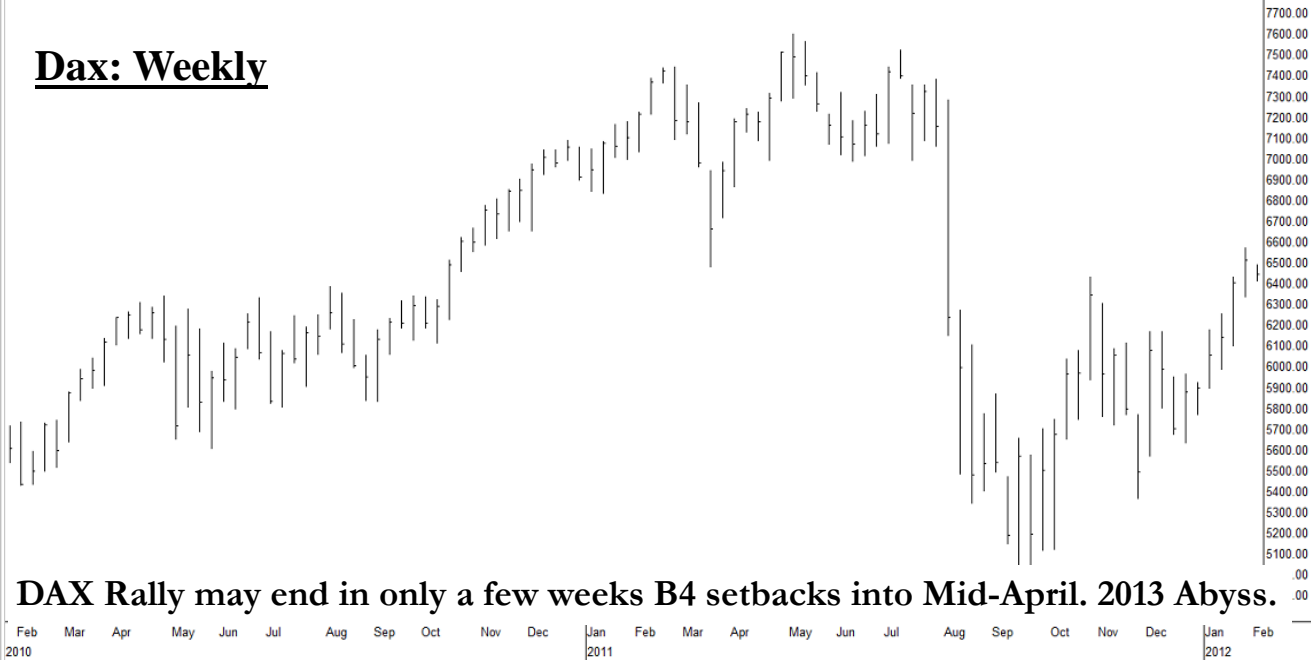


**SHORT TERM EQUITY PROFILE:** Trading profile remains Congested Churning and Confusing. This is not the best risk/reward environment.



**GLOBAL EQUITY STRATEGY:** DAX remains perhaps the most important *tell* for all of Financial Culture. A Recovery from the Capitulation continues. An ideal terminus is due soon. A 2013 Abyss.

**Dax: Weekly**



**DAX Rally may end in only a few weeks B4 setbacks into Mid-April. 2013 Abyss.**

Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2010 | Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb 2012

Published by eSignal (www.esignal.com)

**GLOBAL EQUITY TACTICS:** Eurostoxx is in an overt but *easy* recovery Rally. Mature but hard to game. Don't force it either way.

**Eurostoxx: Daily**



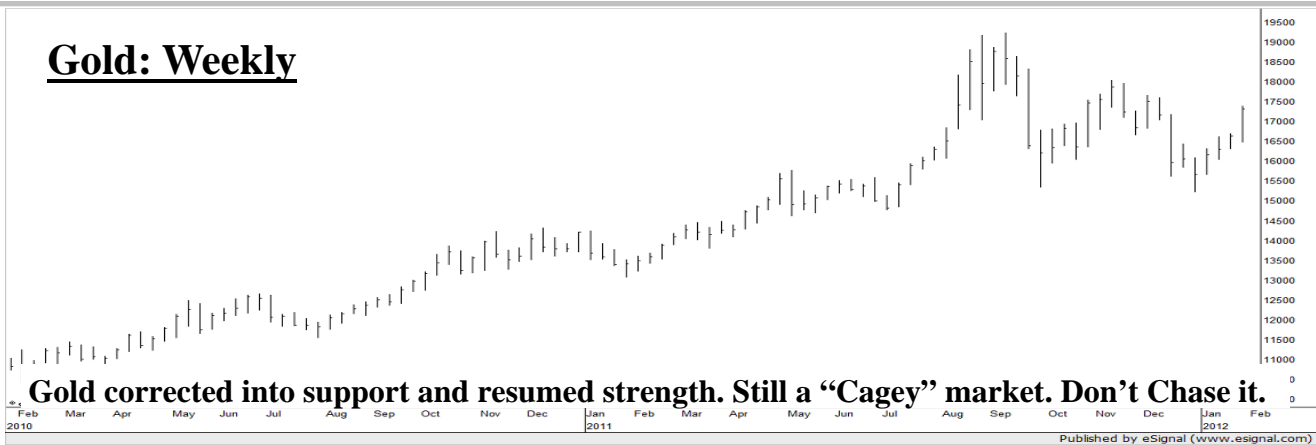
**EuroWoes were discounted, allowing bidding. An uncertain but dangerous time.**

© eSignal 2010  
 2 5 10 15 18 23 26 Aug 2011 | 2 7 12 15 20 23 28 Sep 2011 | 4 7 12 17 20 25 28 Oct 2011 | 2 7 10 15 18 23 28 Nov 2011 | 2 7 12 15 20 23 28 Dec 2011 | 3 6 11 16 19 24 27 Jan 2012

Published by eSignal (www.esignal.com)

**SECTOR STRATEGY:** As noted: “Weekly profiles argue that a low is in. Feel free to buy some on dips... ditto for Gold Stocks.” BigBen has Green-lighted the inevitable prospects for higher Gold prices. Don’t fight the Fed!

**Gold: Weekly**



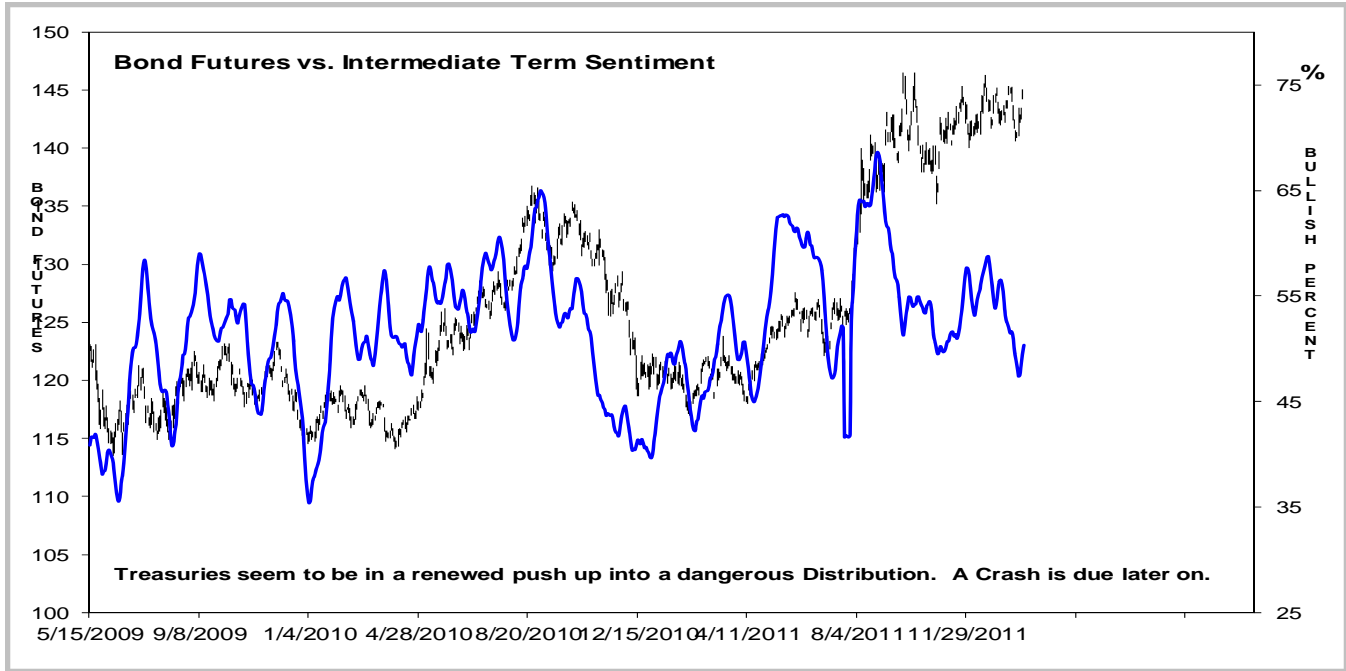
**OTHER SECTORS:** The Fall Capitulation segued into a generic Recovery. Choppy Optimism on low volume is suspect but fits with the maturing Spring upside. Again: “It is a Trading Game. One may play along until the Precipice.” More Musical Shares B4 an abrupt terminus. Beware & Be Wary.

**SECTOR STRATEGY:** Pharma has been nominally corrective. Another rally here would fit with the generic equity Recovery profile into Mid-March.

**Drug Index: Daily**



**FIXED INCOME STRATEGY:** Treasuries remain @ Secular Risk but Ben has put on a big trade into 2014 that will overwhelm him. Diagnosis: Treasuries have entered a new distribution which may take a few more months to mature. They remain reminiscent of early 1987. Beware mesmerizing complacency. This will become Ben's undoing.

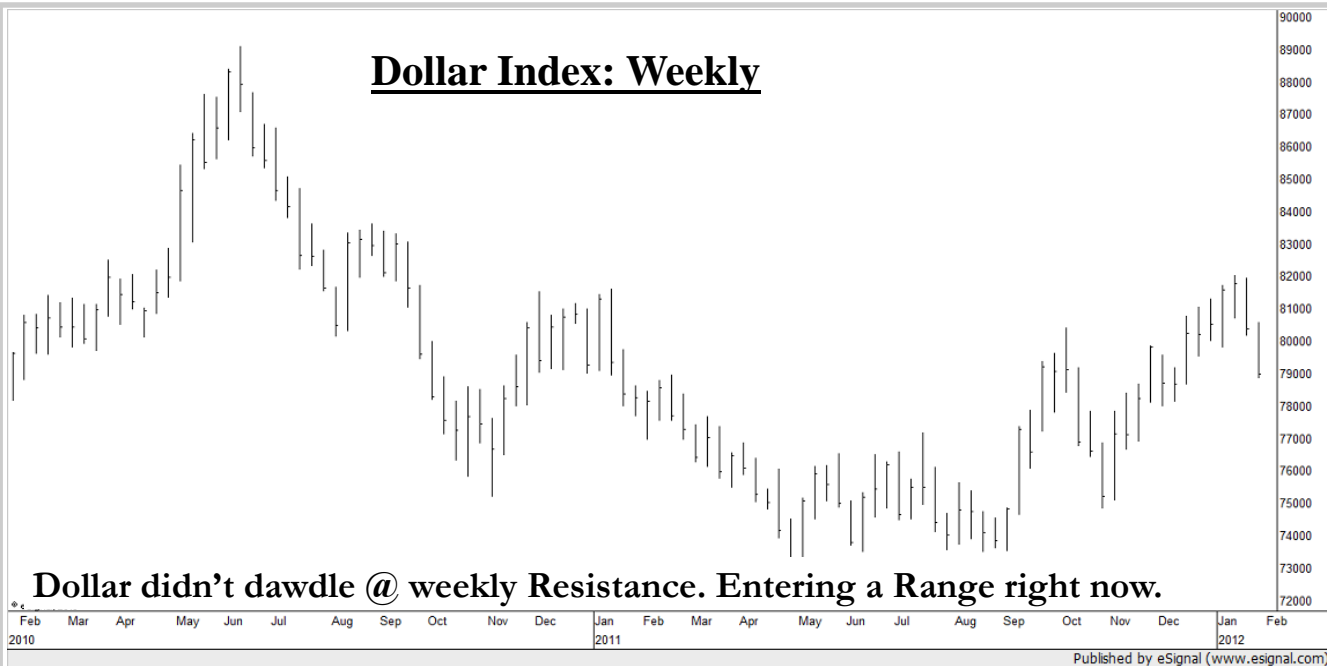


**FIXED INCOME STRATEGY:** The Fixed Income profile remains structurally Bearish but the preferred price behavior now suggests a 1987 outcome. That is, Prices may keep drifting higher into even May/June? B4 a huge break. In 1987 they declined 30 point in 6 months!



**FOREX DIAGNOSIS:** Dollar was due for a trading high and it occurred. The Buck arrived @ classic Resistance. Hard asset Currencies like Canada and Australia look like they will *eventually* prevail higher.

**Dollar Index: Weekly**



**COMMODITIES:** All Planetary products are Secularly bullish but the 2013 Global Abyss is negative. Looks like “Risk On,” into March.

**ENERGY:** Crude appears bullish but is congested. Profile prefers seductive thrust up B4 harsh setbacks into June on new Geopoliticals.

**Crude Oil: Weekly**

