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## Is the Federal Reserve Preparing for Iran?

By: Crack\_Smoke\_Republican on: 26.02.2006 [18:55 ] (762 reads)

"Could it be Bush needs to have this deal in place by the last week of March? Take a look at the following map. The United Arab Emirates just happens to be directly south of Iran, and on the opposite bank of the strategic Strait of Hormuz (or Ormuz). Quid pro quo?"

(11237 bytes) [c]





Is the Federal Reserve Preparing for Iran? Beware the Ides of March.

by Robert McHugh

Turnover continues at the top posts of the Federal Reserve, and the inexperience we find leading this institution is alarming at a crucial time when U.S. monetary policy is going where no man has gone before, where the U.S. Dollar's status as the world's currency reserve is about to be whacked. If the Dollar loses such status, it will be nearly impossible to continue the practice of electronically printing unlimited amounts of fresh Dollars without a contemporaneous decline in the Dollar's value, and a resultant unintended decline of our economy. Fed Vice Chairman Roger Ferguson unexpectedly announced Wednesday he was stepping down to pursue "other professional opportunities" (translation: that usually is the terminology given when either the boss or the employee are not happy with each other). Interesting timing, with M-3 about to be hidden, with the Iran oil bourse about to only accept Euros. Recently, Bernanke replaced Greenbackspan as Fed Chairman, which comes on the heels of the resignation of the Philadelphia Fed Regional Bank President Anthony Santomero, which followed resignations of two of the seven Fed Governor spots (which Bush finally filled this week), and six of the twelve Fed Regional Bank President posts over the preceding two years. Hey, Fed Governors and Regional Bank Presidents are treated like gods. They have enormous power, prestige, and presence. Why quit? Why the wholesale resignations? Could it have to do with what's coming down the pike?

When Iran starts accepting only Euros for oil, those who have been holding Dollars, or Dollar denominated U.S. financial instruments with the intent to exchange them for oil, will upset the global currency markets by suddenly exchanging them for Euros. Foreign demand for Euros will increase and demand for Dollars will decrease. 49 percent of the U.S. debt is owned by foreign interests. As that U.S. debt is exchanged for oil, via Euros, somebody is going to have to buy excess U.S. debt instruments. That someone will have to be the Fed. They will have to print a ton of Dollars to buy these U.S. debt instruments which will no doubt be unloaded by foreign interests to acquire Euros and Oil. Those excess Dollars will then be exchanged for Euros, driving the value of Dollars down and Euros up. The Fed has to hide M-3, the most widely followed and reliable measure of money supply out there, because they may have to create so much money out of thin air to buy so many financial debt instruments - and possibly equities - in order to keep prices from crashing. Why does M-3 matter, as opposed to another measure for money such as M-2? Because unlike M-2, M-3 includes what Dollar reserves are held by foreigners and major financial institutions, as well as Repurchase Agreements, where the Fed's Open Market Money creation activities show up (they buy securities held by large financial institutions in exchange for money they electronically printed out of thin air).

Could it be that the previous cadre of Fed leaders do not have the stomach for what is about to go down? Could it be, they disagree with the new policy - for the first time in the history of the Fed - to no longer be transparent with the best measure of money, the very commodity the Fed was created for in the first place? The Fed was established with the purpose to maintain a stable currency. Is that objective about to go out the window? How can that objective be achieved if the very measure of it is eliminated? Must be something pretty serious coming for that drastic a step.

<b>Baghdad</b>	
	TU, 28/02 +25..+27 °C N, 3 m/s
<b>Basrah</b>	
	TU, 28/02 +27..+29 °C S, 5 m/s

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The last time a Middle Eastern nation announced it was going to accept only Euros for oil, President Bush ordered the invasion of that country. One of the first official steps after U.S. occupation of Iraq was to change the oil currency back to Dollars. We were given a lot of rhetoric about weapons of mass destruction, about the tie-in of Iraq with 9/11, and about the democratization of a former dictatorship. But maybe it was about preserving the U.S. Dollar as the world's reserve currency? Remember, the currency that enjoys world reserve status gets to print as much of itself as it wants because there will always be a ready buyer of that currency if that buyer wants to be able to acquire critical world supplies such as oil. So how's it going in Iraq? AOL news reported Thursday that Iraq is devolving into civil war, with Sunnis and Shiites bashing each other when they aren't sniping at U.S. forces.

Next on the agenda may be Iran. They have committed the same crime, declaring war on the U.S. Dollar's world reserve status. That starts on March 20th, 2006 with their new Petro-euro oil bourse. The Fed will stop revealing M-3 on March 23rd, 2006. Coincidence?

Now we find out this week, stunningly, that this Republican administration has not only agreed to hand over management of six of America's key seaports to a state-owned business in the United Arab Emirates, Dubois Ports, but when Republican Congressional leadership said it wanted a delay to study the decision and would pass legislation to accomplish this, Bush came out as passionate as we have ever seen him that he would veto any such legislation, that this deal will go through, like it or not. Bush has never vetoed any legislation in his six years in office, but he is ready to veto this one? An incredible response by the Prez, especially if you believe him when he says he just found out about the deal. Why? What's the rush? If he just found out, shouldn't he want to study the matter a little further? Could it be Bush needs to have this deal in place by the last week of March? Take a look at the following map. The United Arab Emirates just happens to be directly south of Iran, and on the opposite bank of the strategic Strait of Hormuz (or Ormuz). Quid pro quo? Are U.S. troops, warplanes, and Naval vessels headed for the United Arab Emirates in exchange for the collateral of United Arab Emirates' occupation of our U.S. seaports?

This is a critical location if we are headed for military confrontation with Iran, as many suppose. Oil must be free to pass through this Strait to reach international market destinations. Iran may want to try and block this right of passage to Asia and Europe should tensions rise. What can we expect from China, Russia, NATO, Israel, and terrorists? Could this be the infancy of Armageddon?

What's wrong with a little honesty with the American people? If there is truly a clear and present danger coming, we have the right to know, and our government has the right to expect our support. Is there a clear and present danger? What do the market technicals tell us?

There are a ton of technical analysis indicators converging toward a major market turning event commencing sometime over the last week of February through the first week of March. Last weekend, for our subscribers, we covered the next phi mate turn date of Friday February 24th +/- a few days, noting that this is likely to be a significant turn as it has two phi mates, one of which is a major turn itself, plus there is a contemporaneous Fibonacci cluster which we will cover again this weekend. The Elliott Wave labeling shows prices in most major averages completing terminating top wave counts. There are Rising Bearish Wedges all over the place and prices are converging with the top boundaries of those patterns - the place where the sorts of declines begin that fall at least to the bottom boundary of those patterns - at a minimum (which would be a significant decline in all indices) or below. There are Bearish divergences all over the place, between the major indices themselves, between the indices and 10 day average advance/decline lines, between the indices and the percent of underlying stocks above their 30 day moving averages, between the major averages and volume, between major indices and the McClellan Oscillator summation index, between major indices and NYSE Ticks, and between major indices and the New Highs/ New Lows data. There is a primary trend Dow Theory upside nonconfirmation and primary sell signal, and a 10 day average Call/Put sentiment sell signal. The Iran Oil Bourse mess is about to start in March where the U.S. Dollar will become the bull's eye of an economic war.

Then there is the next chart, a cyclical rhythm of significant tops and bottoms that has so much symmetry in it that we have to conclude something huge is about to occur in markets in March/April. Of course, if the PPT has their way, that something "huge" will be a mega rally they kick off as shorts get slaughtered from unbridled M-3 creation and interventionist market buying. We'll see.

For the past six years, a significant trend turn in the S&P 500 has started sometime in the Month of March. Maybe it has to do with the

changing of the seasons. Maybe something to do with the equinox. The first three turns occurred right around the spring equinox. The first one occurred of course at the all-time top for the S&P 500 on March 24th, 2000. An average of 362 calendar days separated each of the first five turns. The third and middle turn occurred at the start of the Iraq war, March 12th, 2003. This date also marks the bottom of the Bear market decline for most European markets such as the London \$FTSE or the Australian \$AORD.

Check this out. There were exactly 1,086 calendar days from the start of the Bear Market on March 24th, 2000 through the end of the Bear (using foreign markets and the start of the Iraq war as a defining benchmark) on March 12th, 2003. It will be exactly another 1,086 calendar days from that March 12th, 2003 date to this Monday, February 27th, 2006, one trading day from our next phi mate turn date. Wouldn't that make a neat and tidy date for the Bull market to top?

A Free 30 day Trial Subscription will gain you access to our next Fibonacci phi mate turn date. If you would like a Free 30 day Trial Subscription to check out our remarkable buy/sell signals on the blue chip Dow Industrials and S&P 500, NASDAQ 100, or HUI Amex Gold Bugs Index, simply go to [www.technicalindicatorindex.com](http://www.technicalindicatorindex.com), and click on the "Contact Us" button, and email us with your request, including a password you would prefer to use to access our site. A subscription gains you access to index buy/sell signals, our thrice weekly Market Analysis Newsletters, Traders Corner, Guest Articles, and our Archives.

"Jesus answered them, "I told you, and you do not believe;  
The works that I do in My Father's name, these bear witness of Me.  
But you do not believe, because you are not of My sheep.  
My sheep hear My voice, and I know them, and they follow Me;  
and I give eternal life to them, and they shall never perish;  
and no one shall snatch them out of My hand.  
My Father, who has given them to Me, is greater than all;  
and no one is able to snatch them out of the Father's hand.  
I and the Father are one."  
John 10: 25-30

A Free 30 day Trial Subscription gains you access to our Guest Articles section where we recently posted a fascinating piece, The Approaching War With Iran, by Edward F. Haas.

<http://www.safehaven.com/article-4676.htm>

5 comments

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### Hmmmmm. Could go either way?

by hellsbells on 27.02.2006 [07:14 ]

I'm wondering if the M3 thing and the Iran furor are linked (well, so do lots of people).

If Iran has a jolly good freedom bombing: that means "WAR" and devastation to the oil biz, oil prices rise, M3 has to rise to cover the war costs & is funded by oil hikes.

If Iran escapes the jolly good freedom bombing: that means its oil bourse opens on schedule, attracts at least some business, and, slowly, anything-but-USD buys oil. The fall in \$ demand means M3 falls, or remains stable.

**Then this take on the UAE & US ports story:**

by hellsbells on 27.02.2006 [07:33 ]

Now we find out this week, stunningly, that this Republican administration has not only agreed to hand over management of six of America's key seaports to a state-owned business in the United Arab Emirates, Dubois Ports, but when Republican Congressional leadership said it wanted a delay to study the decision and would pass legislation to accomplish this, Bush came out as passionate as we have ever seen him that he would veto any such legislation, that this deal will go through, like it or not. Bush has never vetoed any legislation in his six years in office, but he is ready to veto this one? An incredible response by the Prez, especially if you believe him when he says he just found out about the deal. **Why? What's the rush?** If he just found out, shouldn't he want to study the matter a little further? Could it be Bush needs to have this deal in place by the last week of March? Take a look at the following map. ***The United Arab Emirates just happens to be directly south of Iran, and on the opposite bank of the strategic Strait of Hormuz (or Ormuz).*** Quid pro quo? **Are U.S. troops, warplanes, and Naval vessels headed for the United Arab Emirates in exchange for the collateral of United Arab Emirates' occupation of our U.S. seaports?**

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Okay, so UAE can operate US ports, so that the US can operate from UAE ports, with special reference to the Strait of Hormuz, and to Iran directly beyond.

Has a certain ring of reciprocity to it.

**OK CSR**

by hiles69@msn.com on 27.02.2006 [08:17 ]

At the end of the day it seems that you are some kind of fundamentalist christianist.

End of your credibility ... same for nearly all Americans.

Maybe you should have deleted the last few paragraphs, in which you tried to spin some message of Jesus AND some scheme via which to get rich out of the impending crisis.

Many of your posts involve "schemes" via which to "get rich" by exploiting current crises ... but why would anyone want to share how they "got rich" ... well unless by duping other people to part with \$19.50 for some sure-fire plan to get rich.

Why do you keep posting this kind of shit CSR?

Are you on a commission?

**the analysis is good**

by caffeinehigh on 27.02.2006 [15:09 ]

hiles, no need to pick on the last paragraph that I'm certain it was copied and pasted without looking. It just happens to be the standard footing of the website that published this analysis and whose juicy content seems to have flown over your (jewish) head. Webmasters need to make a living, they're not on American welfare like the zionist entity, remember?

**caffeinehigh**

by hiles69@msn.com on 27.02.2006 [18:22 ]

You are right and I owe an apology to CSR, because the analysis was good.

I've been in something of a shitty for a day or so, partly on account of personal health problems and partly on account of being frankly scared about what's looming ... thus impatient with those who through in irrelevencies in otherwise worthwhile stuff, which then detracts from the message ... like you persisting with your jew-baiting and including me in it, which is fucking ridiculous and taking your conspiracy theories to totally absurd levels.

But I am taking your point and I do owe CSR an apology.

Sorry CSR.

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