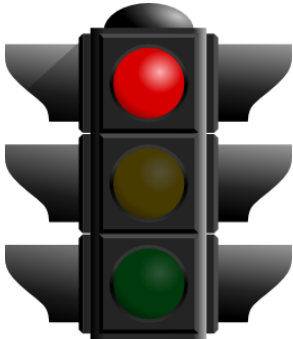




Stock Market Barometer

The Most Influential Financial Newsletter Read By Over 500 Hedge Fund Managers and Thousands of Elite Investors ~ January 1, 2012



The Big Opportunities to Come in 2012—Mike Swanson

Right now is one of the most important days of the year. At the start of every year I sit down and analyze the markets to come up with a game plan for the coming year to make money. I take a look at where the market has come from and where it is likely to go and figure out the best way to make money in the coming market environment. This planning sets the stage for the rest of the year for me.

Quote of the month:

“The prices of stocks, bonds and a host of other financial assets, which in normal conditions more often than not move in a diversity of unpredictable directions, are increasingly surging up or down in

It is one of the reasons I have been so successful as an investor and one of the reasons most aren't. Few take this time to stop and think and plan ahead. Most people are just sitting hung over from New Years and making investment decisions this week on autopilot with little thought at all hung over or not.

Your thinking and the decisions you make over the next few days will likely be among the most important ones you make for 2012 when it comes to investing and your finances. I'm glad you are sitting down and taking the time to think about this year with me. It is time to be clear headed about things.

On Friday the DOW managed to finish the year up 5.5% while the S&P 500 closed the year down 0.43% for the smallest year over year change for it since 1947. And the Nasdaq - it opened the year at 1257.60 and closed the year at 1257.64 for a 0.04 point gain. Ha!

Really it has been a year of nothing. The US stock market itself pretty much finished where it started at. If you have been actively trading the markets though it has probably been a roller coaster ride for you, with an up move in the first few months of the year that led to a very vicious decline in August and September and a weak rally since then that

STRATEGIC STOCK TRADING

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94.95	94.96	94.97	94.98	94.99	95.00	95.01	95.02
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95.59	95.60	95.61	95.62	95.63	95.64	95.65	95.66
95.67	95.68	95.69	95.70	95.71	95.72	95.73	95.74
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104.55	104.56	104.57	104.58	104.59	104.60	104.61	104.62
104.63	104.64	104.65	104.66	104.67	104.68	104.69	104.70
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has continued into the end of the year. Such volatility tends to cause active traders to get shaken out of their positions or churn their money over and over again and rack up small losses.

I've been trading the markets now for over a dozen years and in my experience last year was the most boring year I've ever seen and one of the hardest ones to make money in. Exactly a year ago from today I released my stock market forecast for 2011 and said that the market would be very tough and likely experience a big correction, because it had rallied in a straight up fashion since August 2010 and had become extremely overbought. I said that the overall upside was "extremely limited" and that one could even simply walk away from the stock market.

Then of course the market peaked out at the end of April. In my July monthly newsletter which I ironically titled "How to Get Rich" I said that if you want to make money investing in the stock market and trying to hold at that point you should just forget about it. I informed everyone I had gone completely to cash and had taken half of my money and invested it into real estate and some local businesses I'm involved in. One of which opened up in just a few weeks ago and is already generating over \$100,000 in revenue and turning a profit.

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When I said "How to Get Rich" in that issue I meant by looking at beaten down real estate in the right

areas of the country in foreclosure sales. I truly thought that buying into the stock market at that time was a losing proposition. Writing this was my way of saying get out of it and just forget about it for awhile. You get rich in stocks by buying them when they are beaten down and at a bottom and not by buying at a point where they are peaking like they were doing then.

Of course such common sense only sparked the wrath of hundreds of people. I had dozens of people cancel my premium trading service as it meant I was going to give out very few trades for the immediate future, but it was the right thing to do, because you know exactly what happened in August and September. The DOW dumped almost exactly 20% from its April high. I was right, but being bearish and right on the stock market gives you few rewards if you are writing to people interested in investing in the stock market, many of whom simply do not want to hear anything negative about the market at all and are obsessed with either buying and holding their pet stocks or sectors no matter what - gold bugs are notorious for this - or just chasing stocks all over the place.

My attitude for 2012 is much different. I actually think this is going to be a great year to make money in the market if you have the right game plan for it. Warren Buffett says to think of your investment life as a punchcard with ten holes in it. You get ten big opportunities in your life to invest in something and make a big return. Last year the stock market did not provide that opportunity. This year it will and you won't want to miss punching that card.

The way I see it we are in a global bear market. Behind the backdrop of the US major market averages basically going nowhere over the course of 2011 almost every other stock market in the world has been locked in a vicious bear market as the European debt crisis has taken center stage as the fundamental news story of the year. The same has also been true of most commodities too.

US stocks have been outperforming just about everything else, but I believe they will get dragged down too in the final phase of this global bear market, which should happen this year when the European debt crisis reaches its final resolution - an event I expect to happen once Greece announces that it will default on its debts. That will trigger the final round of fear over European debt and if any other countries, such as Italy and Portugal, are in danger of defaulting that is when we will know.

A debt crisis comes to an end when the final extent of the debt and risk is uncovered. This is essentially what happened in 2008. It was publicly known that US banks were pretty much insolvent due to their leveraged investment in mortgage securities and by the summer anyone paying attention could have known that Fannie Mae and Freddie Mac would go under in a few months and cause a financial panic just in themselves. But the market went up and investors got complacent just as they have the past few

months over the European debt crisis.

But then the reality of the extent of the 2008 banking crisis became known, the stock market fell in panic, and then a major global bottom got put in. The US market fell again to bottom in 2009, but emerging markets, commodities, and gold all bottomed in the Fall of 2008.

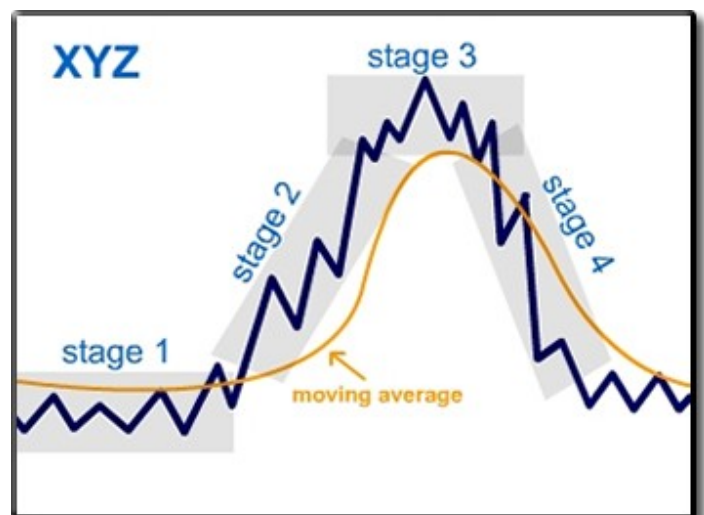
What you need to realize is that banking and debt crisis have two phases to them. One is complacency when most people just try to ignore the reality of the situation while a few worry and take action - just as I have done last summer by cashing out of the stock market and advocating that people do the same with their investment positions. Then panic occurs when the reality and depth of the crisis is revealed. People sell and panic in surprise, but those who are prepared now find out just how bad things are and realize they aren't going to get worse. They have the opportunity to buy - and buy into some good stocks at incredibly cheap prices.

This is the opportunity that 2012 will provide for us. There are stocks with P/E ratios less than 5 paying 10% dividends right now - check out SB as just one example - that will double or triple in price once they bottom at some point in 2012 as the European debt crisis reaches its final resolution.

I want you to imagine that you are in a time machine and you are able to go back to the first day of 2009. In 2009 we saw a major stock market bottom that led to a rally that lasted until 2011. If you could go back to that first day of 2009 you would be able to sit and wait and buy on that big bottom and would have made a killing in the market. We are in a global bear market that will most likely end this year and lead to big gains for people who take advantage of the coming bottom just like you could have in 2009.

Now imagine it is the very end of 2012 and you had a huge year in the stock market. What would that be like for you? It all started today and this week. Let's begin by looking at the charts.

To look at the big picture I use the long-term moving averages and stage analysis. In a bull market the 150 and 200-day moving averages trend up and act support and in a bear market they trend down and act as resistance. If you flip through the various global markets you can see at a glance that all of them are in vicious bear markets. So are most commodity markets, with silver being in a deep bear market and gold on the edge of going into one. I'm very

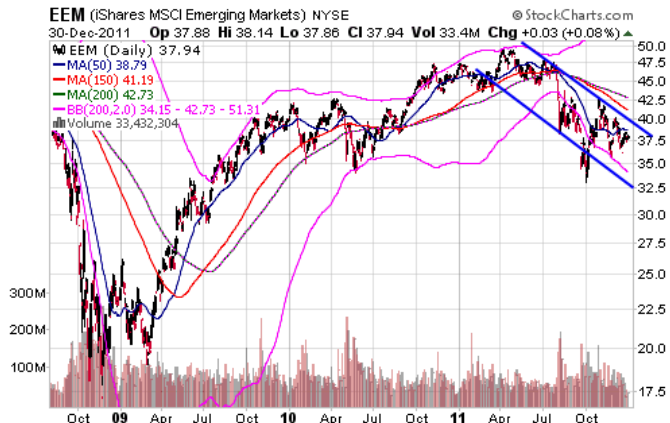


concerned that we are going to see another huge decline in gold stocks in the first half of this year. The dollar on the other hand appears to be in a position to start a rally for several months, that's no surprise.

While the US stock market managed to put on a weak Christmas rally, almost every other stock market in the world actually ended the month down with the emerging markets ETF (EEM) down 5.6%, Germany (EWG) down 7.1%, France (EWQ) down 4.7%, England (EWU) down 1%, and Canada (EWC) down 3.2% for the month and on and on. This is a bad sign for the US market, because it suggests that the December rally is on a very shaky foundation. I think and hope that US stocks will be able to go up for a few more weeks here, but I would not put any money on it, because the risks are weighted to the downside at the moment.

What we need to do in 2012 is simple. We have to recognize the reality of the situation and take advantage of it. That reality is that we are in a global bear market that is likely to accelerate and reach a selling crescendo at some point in 2012. The best way to make money before that happens will be take short positions against something that has a countertrend rally in a bear market. Shorting though is really for advanced traders.

2012 is going to be a challenging year for the average investor. A lot of people are going to lose money and give up on the market for good. But some people in the know like us who know how to take advantage of what is to come are going to be in a position to make an absolute killing. While last year was a tough sideways year where the market pretty much ended up where it started at this



year is going to be a lot of fun and exciting, because I believe we are going to get the chance to get some real opportunities to buy good stocks cheap, many of which will be paying big dividends. All we have to do is wait for the global bear market to end, recognize the end of it, and get in a position to take advantage of it ahead of time by having the money available and gaining the knowledge to be able to do so. Simple planning ahead which so few do.

I'm going to be watching the market action carefully and updating you throughout the year on what I see. One new thing I'm going to do for you is to interview an individual trader or market expert about once every single trading day for you to get ideas from too. These are people I talk with personally that I have a lot of respect for and consider to be in the know when it comes to making money in the market. You can find these interviews for free by just going to the main page of wallstreetwindow.com.

Now I'm also going to be watching the individual sectors and stocks that I believe provide the most value on a fundamental basis and are likely to go up the most on a technical basis to invest in myself and pass on to you. Premium Power Investor members have access to this information.

If you aren't a Power Investor member check your email box tomorrow morning, because I'm going to send you an email with a link for you to sign up with. It will go to a video about market psychology and how to win in this market that ends with details about the Power Investor Service. Together we will take advantage of this market.

The last time we opened up the service to new members was way back in the Spring and I'm not sure when we'll open it again so you will want to join now if you really want to get ready for the big opportunities I see in the market this year.

One thing you'll get once you sign up is an entire educational trading course that will teach you the methods I use to analyze the market, find the right stocks, and control risk. Going through this now will put you in the position to know what to do this year when it comes time to take full advantage of these markets. The timing right now is perfect to become a member.

Essentially you have been handed a punch card with one of the big opportunities that go with it that Warren Buffett speaks about. What you do this year and this week will determine whether you take advantage of it or just let this opportunity slip through your hands like just about everyone else you know will do. Most don't have a clue of what is to come. It's a winners and losers market and all you have to do to be a winner this year is set yourself up to be one. This is the time of year to make the plans and actions that will help make 2012 one of your best years ever.

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