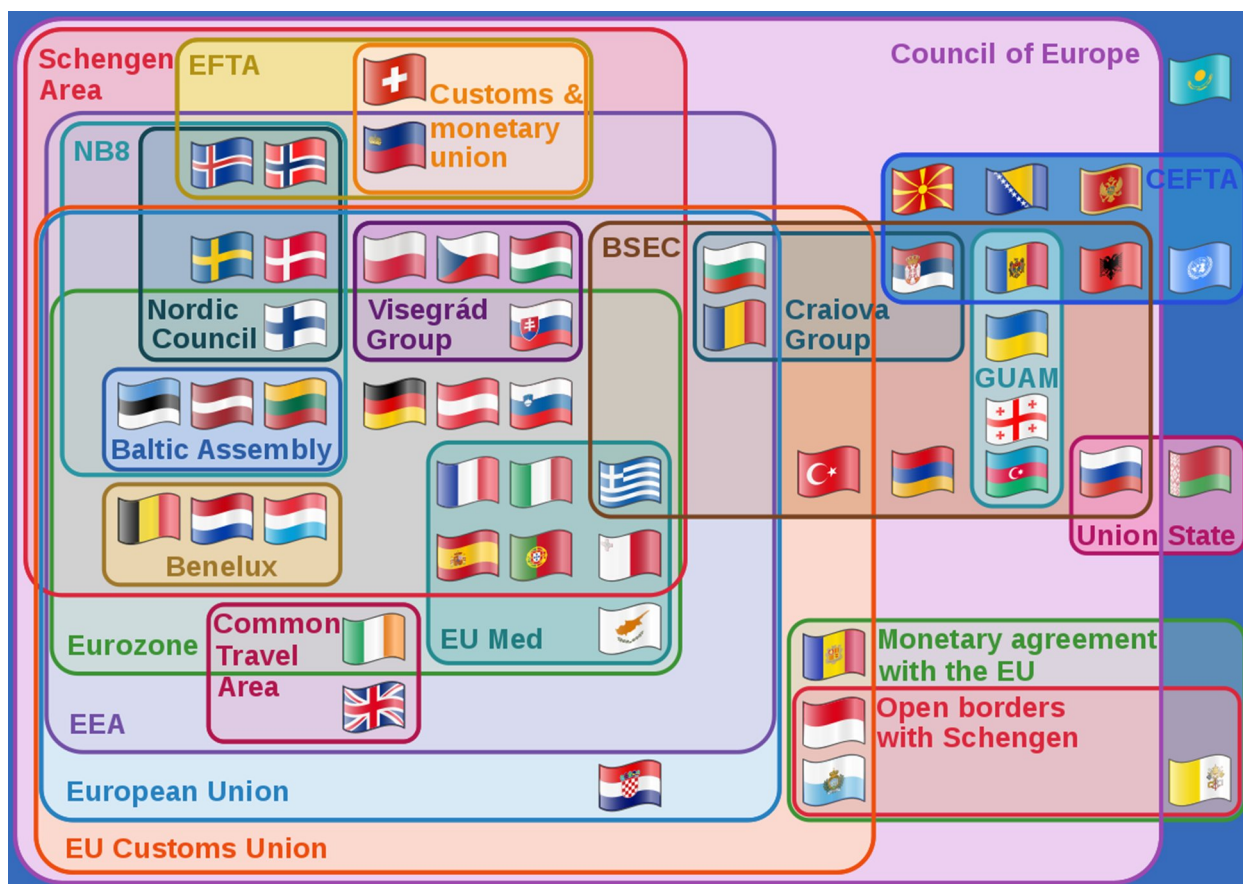




Key Themes

Are we witnessing the beginning of the end for the idiotic project of continent-wide European political integration ?

If you've known me for a while you know how appreciative I am of Eastern and Western European cultures and their diversity. You also know I am not anti-European per se and I actually think that "the United States of Europe" might have been a noble and indeed a feasible project under certain circumstances. You also know I held the principled position that on January 3rd, 1999, upon the opening of the first trading day of the Euro single currency, I was going to symbolically sell 5 million Euros against USDollars at whatever price I'd get on the screens when I entered my office (which I did and if I recall well that price was 1.1792). And you know that my claims ever since have been that the European Union is the kind of structure that can't possibly survive the acid test of any major global crisis – which it appears more and more it can obviously not.





The diagram on the previous page shows, in my view, just how complicated and diverse Europe really is and why an effort of political integration would perhaps more than a century to complete properly. No amount of forceful dilution of culture which is shoved up our throats by the unscrupulous globalists will EVER change that reality. That diagram alone - and the group interests it reflects based on traditions and cultures that developed over centuries and millennia on a continent inhabited by 500 million people – is enough to understand why so many ravaging wars have taken place Europe since the medieval times and why in fact the 2 largest World Wars originated in Europe. In his doctoral thesis at Sorbonne sanctioned with a history award by the French Academy in 1975, which was subsequently published in a book translated in 4 languages called “Civilizations and historical patterns – a comparative study of civilizations”, Aromanian (which is half my actual ethnicity) historian Neagu Djuvara proposed that all civilizations known to date experienced similar phases of growth and decay. This encompassed the birth of civilizations; the establishment of kingdoms and states inside them; the consolidation of such states and the subsequent advancement in arts, science and economy; the competition for supremacy amongst different kingdoms belonging to the same civilization; and finally the corruption and the collapse of civilizations. All these phases, Mr. Djuvara contends, follow different timelines but strikingly similar patterns whether we talk about the Babylonian, the Greek, the Roman, the Western and indeed every other 8 civilizations known in the history of man. One such phase which appears in the late stages of a civilization development cycle is what Mr. Djuvara refers to as the “Era of combatant kingdoms”. What seems to happen after a long period of individual nation state progress, dominant countries inside a civilization go through a period where they engage in a bitter fight for supremacy. Mr. Djuvara demonstrates how in all cases this naturally ends with the victory of what he calls “the latest competitor arrived at the table”. In that regard, you will be surprised to find out, for instance, that the American domination over Germany and indeed much of Europe after the end of World War II and then the Cold War seems to have followed the pattern of conquest by Cyrus the Great when he turned Babylonia into a colony of Achaemenid Persia. Very interestingly though, Mr. Djuvara explains, the era of combatant kingdoms took unusually long to develop in the Western civilization, having started somewhere near the 15th – 16th Century with an assertive Spain, continuing with periods of strength projected by the Netherlands, Britain, France, Sweden and then Germany and ultimately resolving with the American hegemonic dominance over the Western world. The diagram on the previous page is, I suspect, reflects the kind of complicated construction resulting from the complex interaction of the European peoples that can explain why the fight for the domination of



Europe, the birth place of the Western civilization, was more tumultuous than the fight for supremacy in other civilizations.

This whole discussion was not made just to stimulate you intellectually. If you look back in the history of Europe, major nations, be it Spain, France, Netherlands, Sweden or Britain, all sought to enrich themselves and expand their influence by acquiring colonies. The two major countries that did not do so were Germany and Austria-Hungary, perhaps because their access to seas was more restricted than that of every other Western European competitor in Germany's case and completely non-existent in Austria-Hungary's case. Because of this, the Saxon way of fighting for a leading role in the Western civilization has always started and ended with an attempt to dominate continental Europe. What you want to understand at this point is that the European project, noble and sensible though it may have been in its original design, has by now morphed into a 3rd attempt at a German-dominated Europe which is leaving similar scars the previous two had left in their time. Clearly, the nature of the armed conflict and the instances of physical dangers of WW I and WW II cannot be paralleled, at least to date, with what we had during this EU construction; though we can't help but remember the horrors of the 1990ies conflict started by Germany and concluded by NATO that was "necessary" in order to dismantle the former Yugoslavia. That war was a requirement for Austria to get access to its former colony Slovenia and for Germany to get access to its former colony Croatia and thus yield Saxon-dominated – as opposed to Slavic-dominated - Balkans which in turn yielded entirely Saxon-dominated Europe. Moreover, if we contrast the economic misery generated by the single currency in the Mediterranean with the overall level of economic advancement around the world; and if we equate the current EU migrant crisis with the barbarian invasions of the Roman Empire as per Professor Djurava's own assertion, it is easy to see how Germany's 3rd shot at conquering the whole of Europe was as valuable for the nations of the Old Continent as the previous 2 (as I keep saying the Euro and the EU achieved for Germany and everybody else pretty much everything that Hitler's panzers did not manage to in 1945). So listen, Germany is one of the nations I have the utmost respect for and the German people have some very real qualities; but what their leadership has engineered as political and economic structure in Europe is nothing short of tyranny, indeed a Sovietized space that covers the West instead of the East of Europe and which is being ran from Berlin this time around instead of Moscow. I said it many times, it is garbage and it is not going to work and I can add now that we probably are near the tipping point of the wholesale realization that it does indeed not work.



The problems inside the European Union should be easy to understand if you get what life is about. It is a simple fact of life that every living organism has a natural aspiration towards improved well-being and that improved well-being is a merchandise the EU can no longer deliver in any way whatsoever. Part of such improved well-being is achieved by running a successful economic life. The EU construction, with its idiotic “one currency fits all” philosophy, with all kinds of common policies most of whom are of a very distinct level of stupidity and counter-productivity for the majority of the Union’s nations, translates into tremendous economic well-being for Germany and anywhere between mediocrity to deep economic crisis for all the other 27 member states. By any measure you want to analyze, the EU is the slowest growth economic area in the world with nearly 30% of its population living in countries that are mired into depression-like economic contractions. In addition, the EU has now become a very undemocratic group whereas the sole entity entrusted and enabled to issue binding European legislation for all member states is the **UNELECTED** European Commission. Europe’s unfortunate reality is that NONE of its inhabitants are at this point in a position to 1. dispute the decisions made in their name by unelected bureaucrats if and when they feel such decisions are counter to their needs and interests and 2. ENACT change and throw out the “bums” when the political class that represents them no longer performs according to their expectation. And what you need to understand is this. Unelected power almost ALWAYS endangers the community it seeks to govern due to the fact that the lack of accountability virtually guarantees instances of moral hazard. This and nothing else is in fact Europe’s biggest problem at the moment and I suspect it is the reason why the European Union in its current form will cease to exist pretty shortly.

Now let’s say there are alternative view points, whereas the European Union brought nothing but peace and prosperity in Europe. In principle, my opinion should be as good as everybody else’s and what really matters is the track record. So here is my contention: whatever positives achieved by the European project were actually achieved during the times of the EEC – European Economic Community. As for the actual European Union, the track record could really not be more disastrous:

- Youth unemployment rate in France is 25%;
- Youth unemployment rate in Greece is 55%;
- Youth unemployment rate in Spain is 42%
- Youth unemployment rate in Portugal is 26%;
- The whole of the Mediterranean has an overall unemployment rate ranging 12-23% according to EU statistics, which are surely understated;



- Over 2 million illegal migrants have invaded the Union since 2015 as per the common asylum policy, which is likely to go down in history as one of the biggest political mistakes of all times and sadly maybe even as the biggest atrocity EVER carried out against a group of tradition-rich cultures and civilized peoples;
- Stockholm is the rape capital of the western world ;
- Sweden, who took in about 500,000 asylants, has one of the highest rape rates in the World with 60 rapes per 100,000 inhabitants, second only to countries such as Lesotho or the Central African Republic;
- Donald Tusk has just been re-confirmed as President of the European Council DESPITE the opposition of his native Poland;
- All European funds allocated to Eastern member states have been spent towards projects completed by and large by firms domiciled in the Western member states;
- As countries like Spain, Greece and Portugal were forced into severe austerity and were asked to cut healthcare and education budgets over many years, they had to nevertheless continue to buy billions of Euros in German weaponry so “they fulfilled their NATO commitments” ;
- Jean Claude Juncker had been confirmed President of the European Commission following indirect “elections” in which in a beautiful Soviet tradition he was the only candidate;
- The “green legislation” imposed on the member states lead to an “European industrial massacre” even in more powerful and developed nations such as Italy, Spain or the United Kingdom;
- Entire industries in countries like Romania or Bulgaria have been ordered “shut down” by the European Commission upon the country’s accession into the EU;
- Unemployment in countries such as Romania and Bulgaria could be stemmed only if a significant portion of their work force migrated to the West of Europe and accepted working in less-than-ideal conditions for rather depressed wages;
- EU constitution referendums resulted in the rejection of the European constitution in France and Netherlands in 2005. The whole exercise was rebranded into the Lisbon treaty and forced upon the member states through the back door in 2008;
- Ireland rejected the ratification of the Lisbon treaty in a referendum in 2008. It was subsequently forced to redo the referendum which then “passed” in 2009;
- Denmark rejected the Maastricht treaty in a 1992 referendum. Four concessions were subsequently made so the Danes approved the treaty in a 1993 referendum;



Bottom line is this. The rubber has been stretched very thin on this European project which by stealth and deception, without ever telling the truth or seeking consensus from ANYBODY in Europe, attempted a federalization of Europe under clear German domination. To understand how far things have deteriorated from 2-3 decades ago and from the initial noble purpose, just watch on this tape <https://www.youtube.com/watch?v=L9IhI78Zpxo> Guy Verhofstadt's bovine reaction to Francois Hollande's recent EU propaganda rant in the European Parliament. What are those guys talking about and what is Verhofstadt applauding about? Systemic economic, security and constitutional crisis is no reason to cheer and rationalizing failure in the name of a noble principle will not change the reality on the ground which at this point is anything but the rosy myth of European unity and European success.

As you may be aware, important elections are due in the near future in Netherlands and France, two of the founding members of the EEC and thus the EU. In Netherlands the race is for places in the Dutch parliament and thus the ability to appoint the next Dutch Prime Minister and Government. In France there is the bigger stake of "who will occupy the Champs Elysee Palace" next.

As far as I can tell the Dutch elections cannot really produce any major surprise because the political spectrum is very fractured in the Netherlands. Whether Geert Wilders' Eurosceptic party comes on top it matters not; he will most likely be prevented from forming the Government as he will for sure not get a majority and there already is a precedent in 1967 – 1972 when a party with fewer votes got the assignment of forming the Dutch Government. But a bullish Eurosceptic surprise in the Dutch elections can achieve two things. First off, people could be forced to work with Wilders in a coalition if the result his party posts is better than the expected 20-25%. Secondly, it can be a warning bell for the upcoming French Presidential elections, which due to the Brexit and the imminence of the triggering of Article 50 by the UK could be the most consequential elections in European politics in perhaps 100 years. France 2017 can really be Germany 1932 in reverse. Here is what I mean.

Three candidates have fair chances to come on top in France and I suspect Marine Le Pen has better chances to prevail than most people realize. The establishment threw 2 horses in the game, Emmanuel Macron and Francois Fillion. Macron is but a younger, French-speaking, male



version of Hillary Clinton who was told to part ways with the Socialist Party perhaps to avoid being associated with Francois Hollande's failures – which, by the way, he is more than likely to continue and redo. With the help of France's George Soros – Jacques Atali– the 39 years old Macron appears so talented and so appealing to the French public that his "En Marche" movement rose from 0% to near front runner in the polls in a record amount of time. Amongst other places, Macron's support comes from the so-called centrist Francois Bayrou which as we can infer was told by the globalist / eurocrat bosses to take a step back and consolidate support for the Macron wonder kid, the last ditch hope of the global / eurocrat "progressist" tyranny to avoid a catastrophe in the French elections. The 2nd candidate is the Republican Francois Fillion who is mimicking that conservative / Republican type thinking and evolutionary change may be enacted by a system insider. And finally, there is Marine Le Pen of the Front National, otherwise known as the French-speaking female version of Britain's Nigel Farage.

I had listened to Marine Le Pen in the years prior and I will tell you this. Back then she had started from the right idea of making sure France becomes once again a nation state democracy that is in charge of its own destiny – as opposed to being a European quasi-power entitled only to receive the left-overs permitted by the USA and Germany. But in the past I thought Marine Le Pen did not quite have an idea as to how the specifics of her project would look like. It would appear to me at this stage she may have surrounded herself with people that get it and know what they are doing because you can see how she is way more articulated on all sorts of debates, i.e. you can now see how her new transition plan is viable and how it could actually happen. And the French electorate, by now fatigued and frustrated with all the stupidities emanating from a deeply corrupt Brussels, seem to be reacting to that; for Mrs Le Pen clearly seems to be the front runner in the French Presidential race. Knowing what we know about the globalist media from the Brexit and the Trump experiences, Marine Le Pen's improvements in the polls are probably even more meaningful than what we are being told they are and that is all the more frustrating for the establishment considering that their "enfant merveille" Macron gets pelted with eggs on his occasional electoral encounters with his fellow Frenchmen (please see here <https://www.youtube.com/watch?v=Y7Q9w07IOHg>). In any case, at this point, the establishment seems very keen attacking Mrs Le Pen rather viciously, on false pretexts and on multiple fronts with just a few weeks left before the election which to me is a sign of total desperation. And I believe not unlike the British and the American people, the French people will be able to read between the lines and understand that what happens to Mrs Le Pen has nothing



to do with actual justice but rather with a police state that is attempting to unlawfully destroy and silence its opponents. Just think about it: Mrs Le Pen has now been stripped of her immunity in a sham vote by the European Parliament so she can be invited for a conversation with a French prosecutor. The contention is that Mrs Le Pen has distributed ISIS propaganda in the form of pictures with ISIS terrorists beheading western captives. Well I guess they couldn't really invent it, could they, so they had to bring up "du n'importe quoi". Let me see if I got this right: the point being made is that the French political leader who openly deems the burkini and the hijab as "uniforms of the Islamic fundamentalists" and wants to TOTALLY BAN them in France, is being accused of distributing Islamic fundamentalist propaganda. Mrs Le Pen explained how she and her followers had posted those pictures simply to stir people from lethargy as to the horrors of the Islamic fundamentalism engulfing the Middle East and now the entire Western part of the European continent. There is no propaganda being made, facts were simply exposed!

An equally absurd development had to do with a surprise raid into Mrs Le Pen's offices while she was away traveling to the Middle East. The zealous French authorities were apparently investigating "alleged fraudulent usage of European money by Mrs Le Pen's European Parliament office". Really ? A 2015 dispute that pertains to the institution that will be at least downsized or, most likely, closed down if Mrs Le Pen is elected Presidente De La Republique Francaise is being advertised as a legitimate anti-corruption case launched and carried by professional and impartial law enforcement officials? Both assertions are in fact the kind of situations that will most likely give Marine Le Pen a big boost in the polls for it should be clear to anybody at this stage that if you are not happy with the status quo in France and you want to enact change, the only real alternative on the ballot paper is MARINE LE PEN ! **P e r i o d.**

So to summarize my views here. The European Union is a total and miserable failure which reverses the enormous progress made in post war Europe under the EEC. Brussels must be completely dismantled and nation state democracy must be reinstated immediately or the project is by now at risk of igniting the very powder keg it laid under the 28 member states for decades with the "political integration without public consensus " idiotic project it pursued in order to advance not the member states' or the Union's interests but rather those of the power-thirsty globalists. As the discussion begins around the future of Europe, the establishment represented by unfashionable figures – to say the least - such as Angela Merkel and Francois Hollande, clearly some of the worst German and French leaders of all times, remains completely



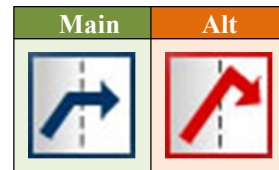
delusional. Just watch these guys talk or read Juncker's recent white paper for that matter according to which the two most viable options for Europe's future are "business as usual" and "l'Europe a deux vitesses". What a complete and total insult addressed in the most shameless of ways to 500 million Europeans of 28 nationalities: after failing in such an appalling way on virtually every front, the winner of the latest single candidate election - i.e. APPOINTMENT !!! - for the position of President of the European Commission is telling everybody on the Old Continent they must either accept more failure or, in order to get things on a more sound foundation, perhaps cheer at the prospects of being split into first and second class Europeans. I am absolutely convinced all these guys who thought they could force anything upon entire countries and peoples just because they had the blessing of some fat butt globalists that threw ridiculous amounts of money behind the European political class are about to learn that WE THE PEOPLE think there are better options than the ones they suggest. The British are about to trigger the Article 50 and if that is coupled with some surprise in the Dutch elections and in particular with a historic Marine Le Pen victory in France, we can say we will have fully ignited the painful but necessary process of dismantling the EU and bringing back the EEC !

What the markets say

I really sense two things here. First off, there is residual optimism relating to President Trump's economic agenda and this will likely push US equity markets higher yet over the short and possibly intermediate-term. But at some point this will become secondary to some turbulences coming from Asia or Europe. We continue to believe, as we just explained above, that the European Union is in trouble and we continue to see evidence that China won't be able to buy much more time before their totally bankrupt banking system eventually implodes. We maintain the scenario we advocated earlier this year that the first part and the second part of 2017 have the potential to look very, very different.

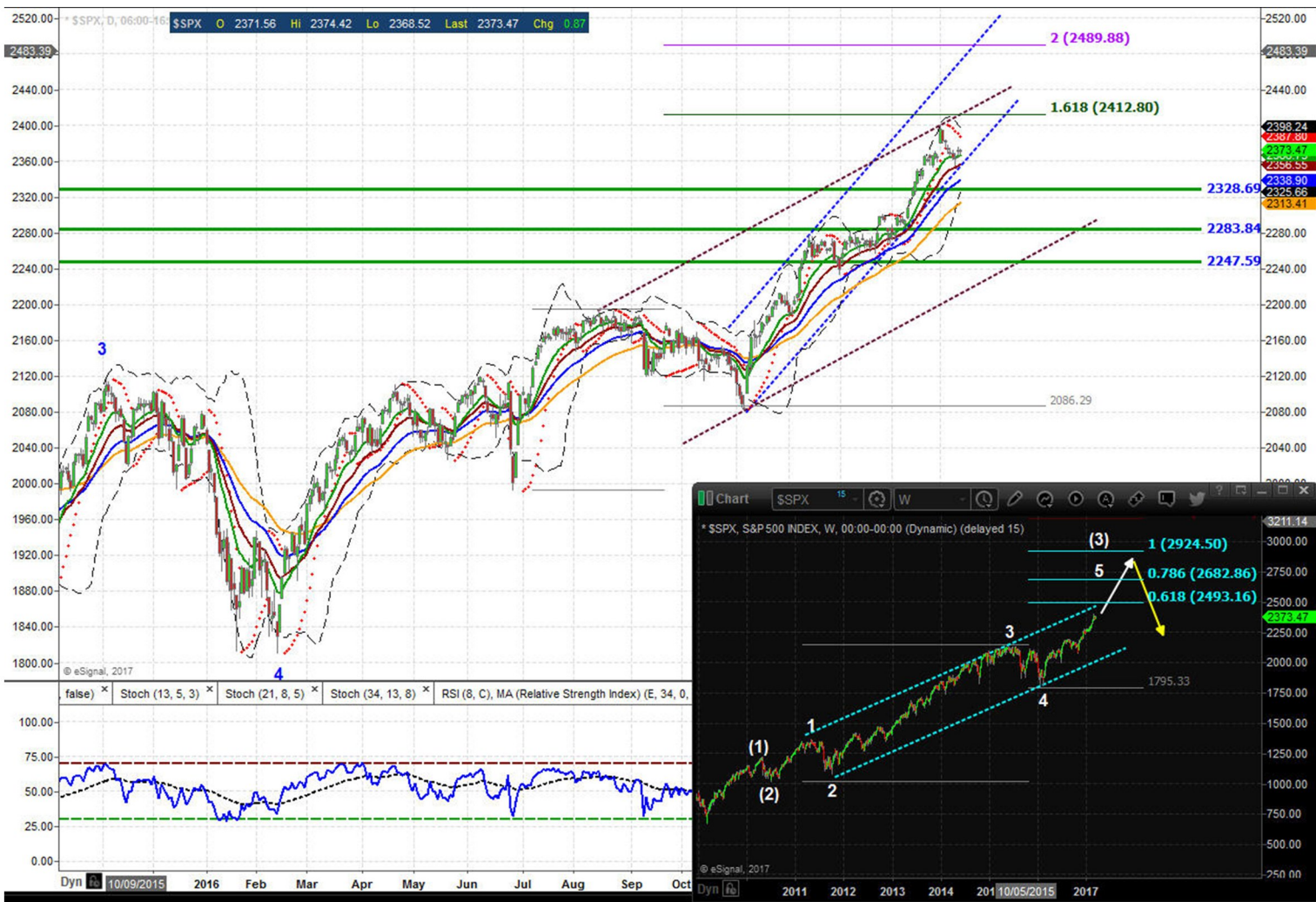


US S & P 500 INDEX



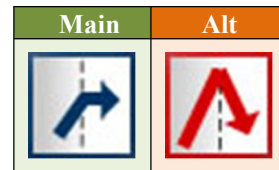
DAILY: The price and momentum structure continues to hint higher prices are due. Any weakness at this point should be contained at the 2283 – 2328 supports. Destruction of the larger daily chart uptrend would intervene only below 2248.

WEEKLY: The leg up that started in February 2016 and that accelerated immediately after the “Trump” bump” is an advancing 5th wave that will complete a larger intermediate wave (3) advance from the 2010 lows. Once this leg up is over a significant wave (4) correction should ensue but we do not expect a lasting top before 2680 / 2925.



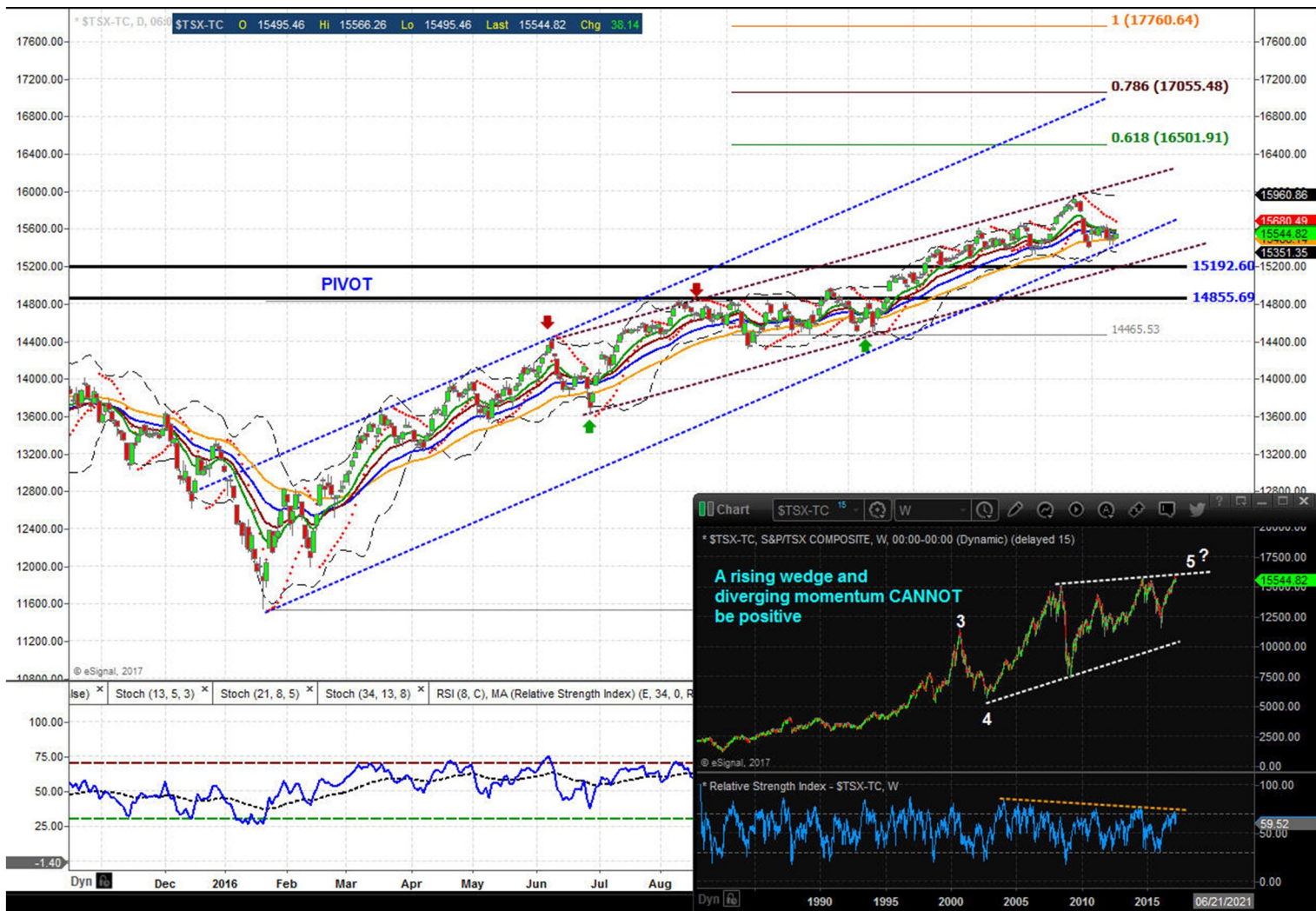


CANADA S & P / TSX COMPOSITE INDEX



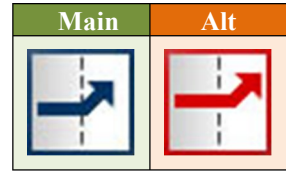
DAILY: We're willing to continue to give the TSX the benefit of the doubt as long as prices remain above the 14855 – 15193 pivotal support. The final daily peak should form with one last poke higher into the 16,400 – 16,500 area.

WEEKLY: We're suspecting prices are tracing out a large degree rising wedge from the 2002 lows. It will probably take us a little time to fully confirm this idea whose implications are of immense gravity for Canada's long-term economic prospects; but I will say with confidence that the form and the momentum pattern associated with the weekly TSX price action are two very significant initial ingredients for what seems to be a developing large degree top.



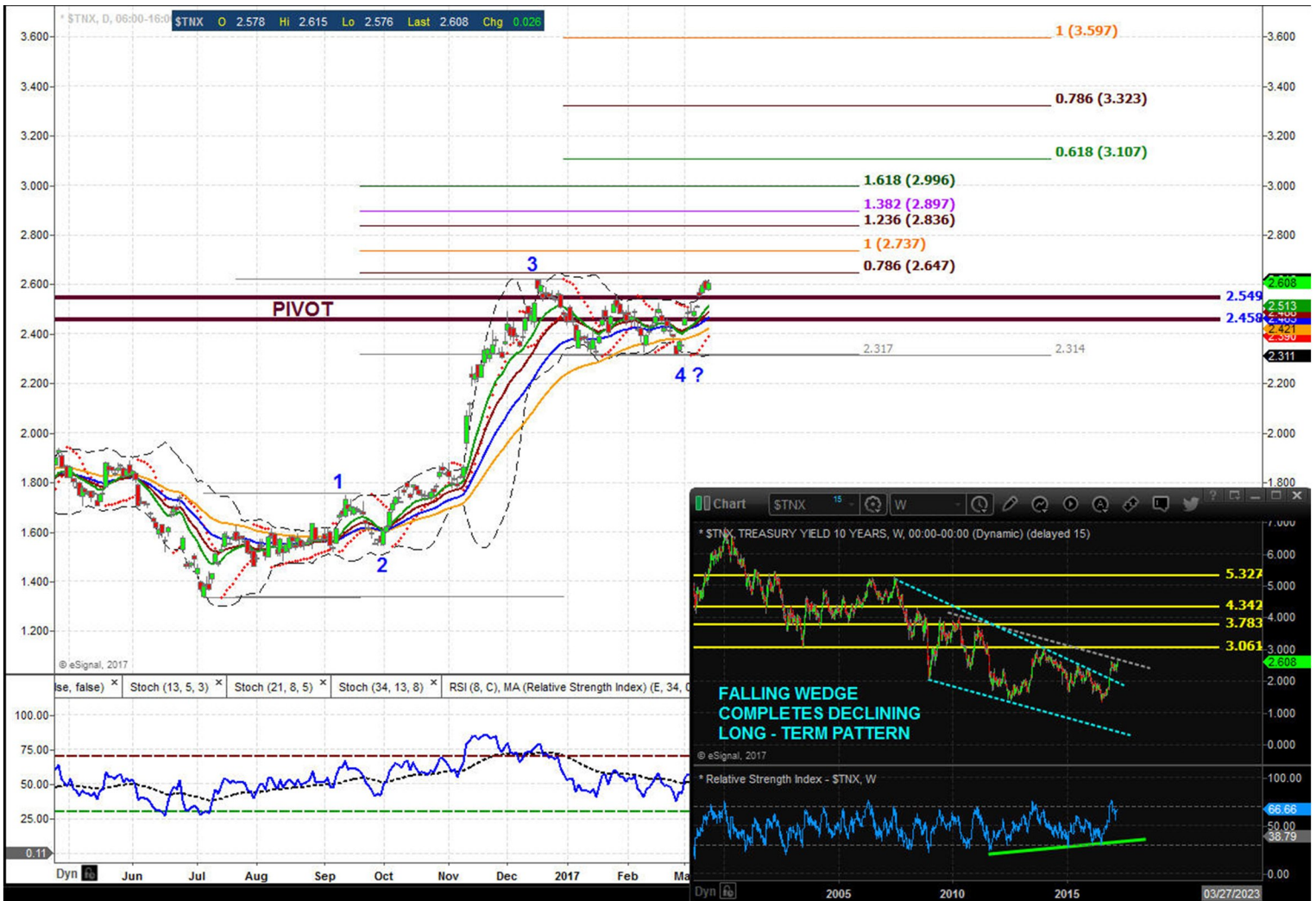


US 10 YEAR YIELD



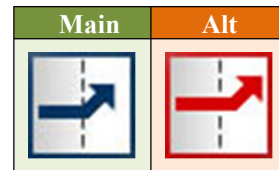
DAILY: We told you prices would range 2.20%-2.60% for a few months before heading back up. At this point enough of a sideways correction is in place so absent a push below 2.55% / 2.46% to extend the directionless trading another few weeks, prices appear correctly positioned to charge higher.

WEEKLY: The completion of a major (decade long !!!) falling wedge pattern carries immensely positive implications in the years ahead. All yellow horizontal lines depicted on the (black) weekly chart represent legitimate mid-term targets.





US 30 YEAR YIELD



DAILY: Not unlike the 10 Year Yield, the US 30 Year Yield appears correctly positioned to resume its larger uptrend on short notice; unless of course the short-term supports of 3.125% / 3.053% are pierced, in which case prices will bottom in earnest and head back up more convincingly ONLY after a brief test of the 2.95-2.98 / 2.84% zones.

WEEKLY: A decade long falling wedge is now being reversed and the 30 Year Yield is in a position to proceed for its full retracement in the following years. By any technical measure you want to look at this market, it is headed towards 4%, initially, 4.84% - 5.46% ultimately.....

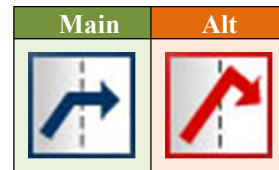




AMSTERDAM AEX INDEX

DAILY: The AEX 25 is at a critical juncture going into the Dutch elections. Without a firm monthly-closing push beyond the 510.59 high of 2015, the risk here is that prices slide below 496.50 to challenge and eventually break the 484.79 / 475.51 key supports. Clearance above 510.59 has the AEX aiming at 535-540.....

WEEKLY: N/A

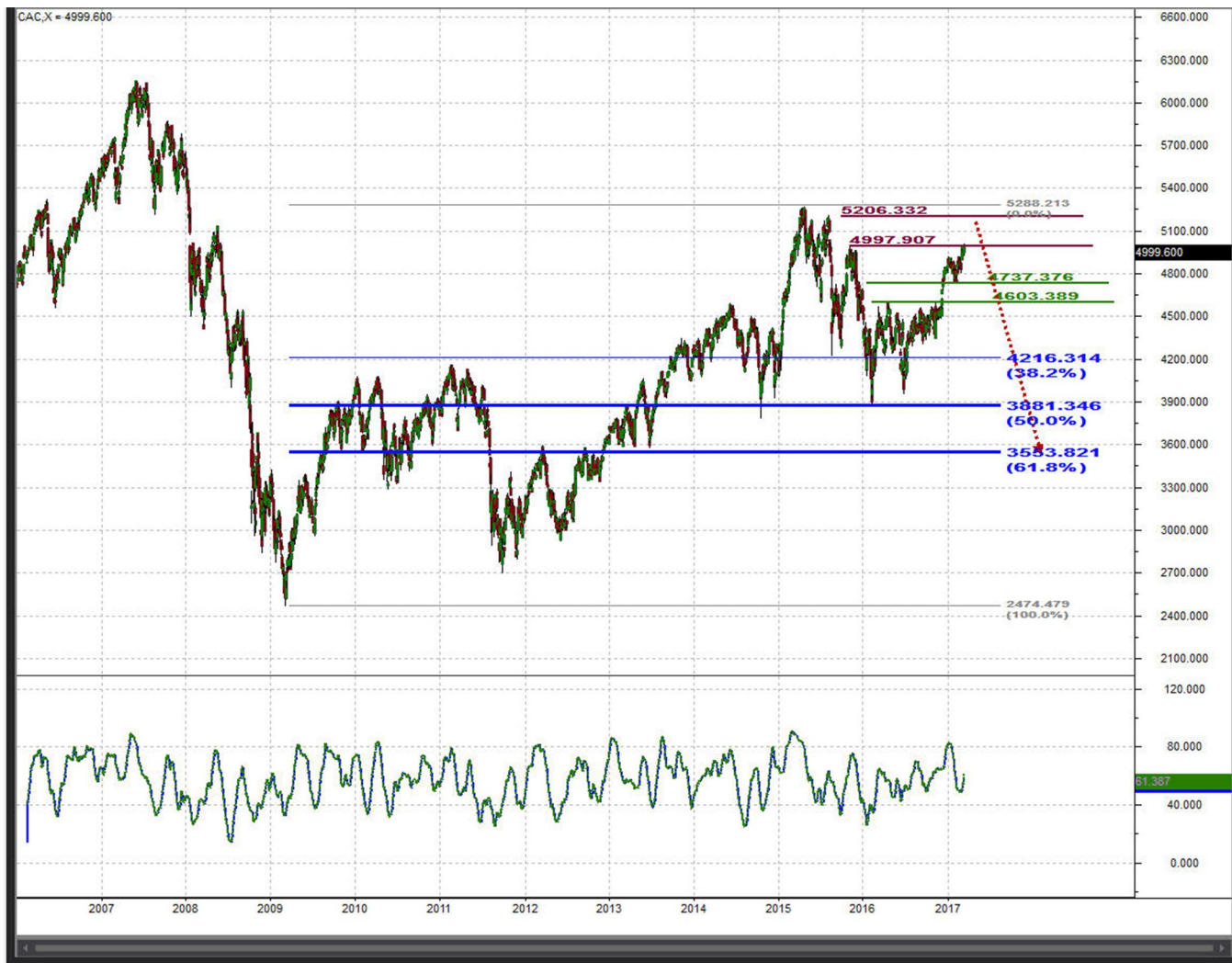
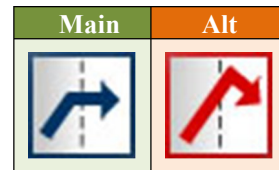




FRANCE CAC 40 INDEX

DAILY: The move back into the 4997.91 / 5206-5290 resistance zones that formed in early 2015 is being approached as Marine Le Pen pushes higher in the polls despite pretty fierce establishment opposition. Short of witnessing a monthly closing above 5290, the CAC40 appears biased towards a Le Pen victory and a return back within the 3553 – 3881 range.....

WEEKLY: N/A

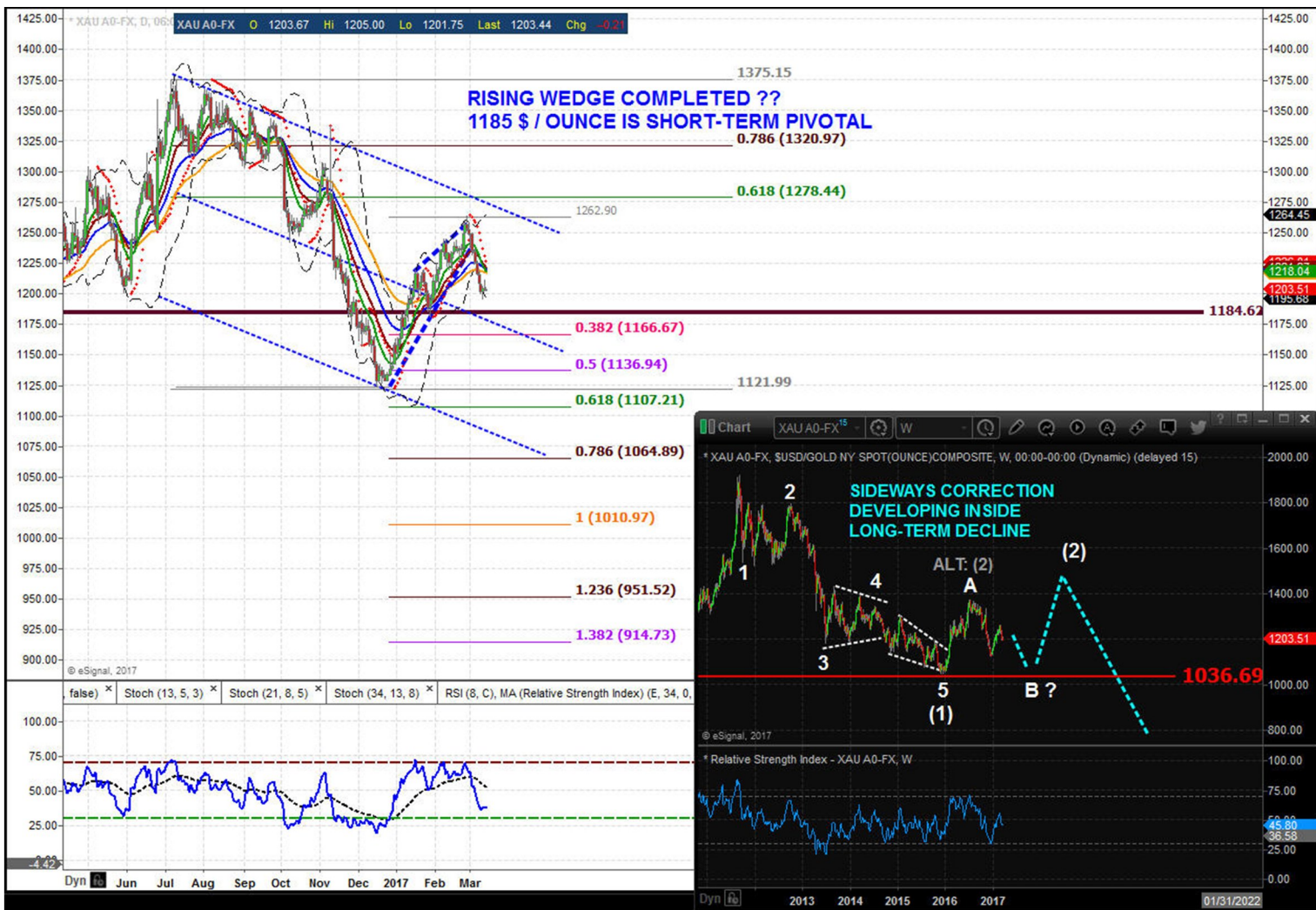




GOLD

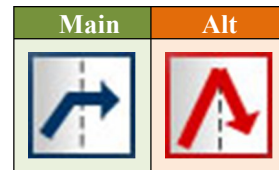
DAILY: The rebound from 1120 has now likely succumbed to larger bearish forces and we are turning tentatively bearish against the 1263 – 1278 resistances. This inclination to approach Gold from the short side is likely to become increasingly rewarding if prices drop below the 1185 pivotal support.

WEEKLY: We've explained why we think Gold prices are headed to 1030-1050 for now but why it appears rather improbable they plunge much lower right away. In this time frame we are betting on a 1000 – 1400 trading range



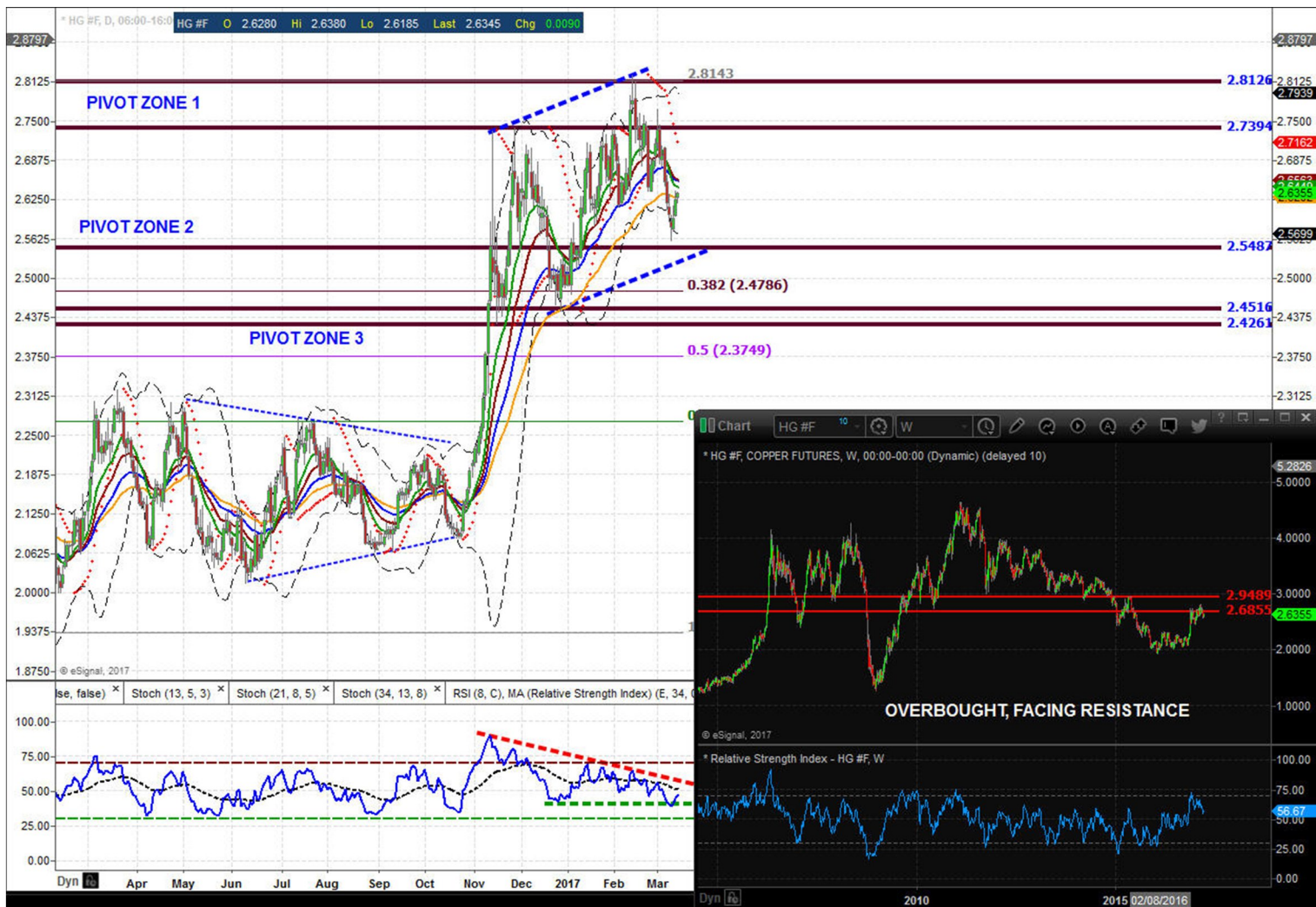


COMEX COPPER



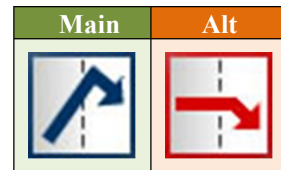
DAILY: Choppy / chaotic / corrective price action in all directions obliges us to guide ourselves mainly by the levels. And that way it appears as though if Copper doesn't push below 2.54 it stands a fair chance to take another look at 2.74 – 2.81 before heading down towards 2.4260 / 2.4520.

WEEKLY: Resistance at 2.65 – 2.99 should be tough to overcome for now, especially as weekly prices are rather overbought. This is not a time to get too excited.



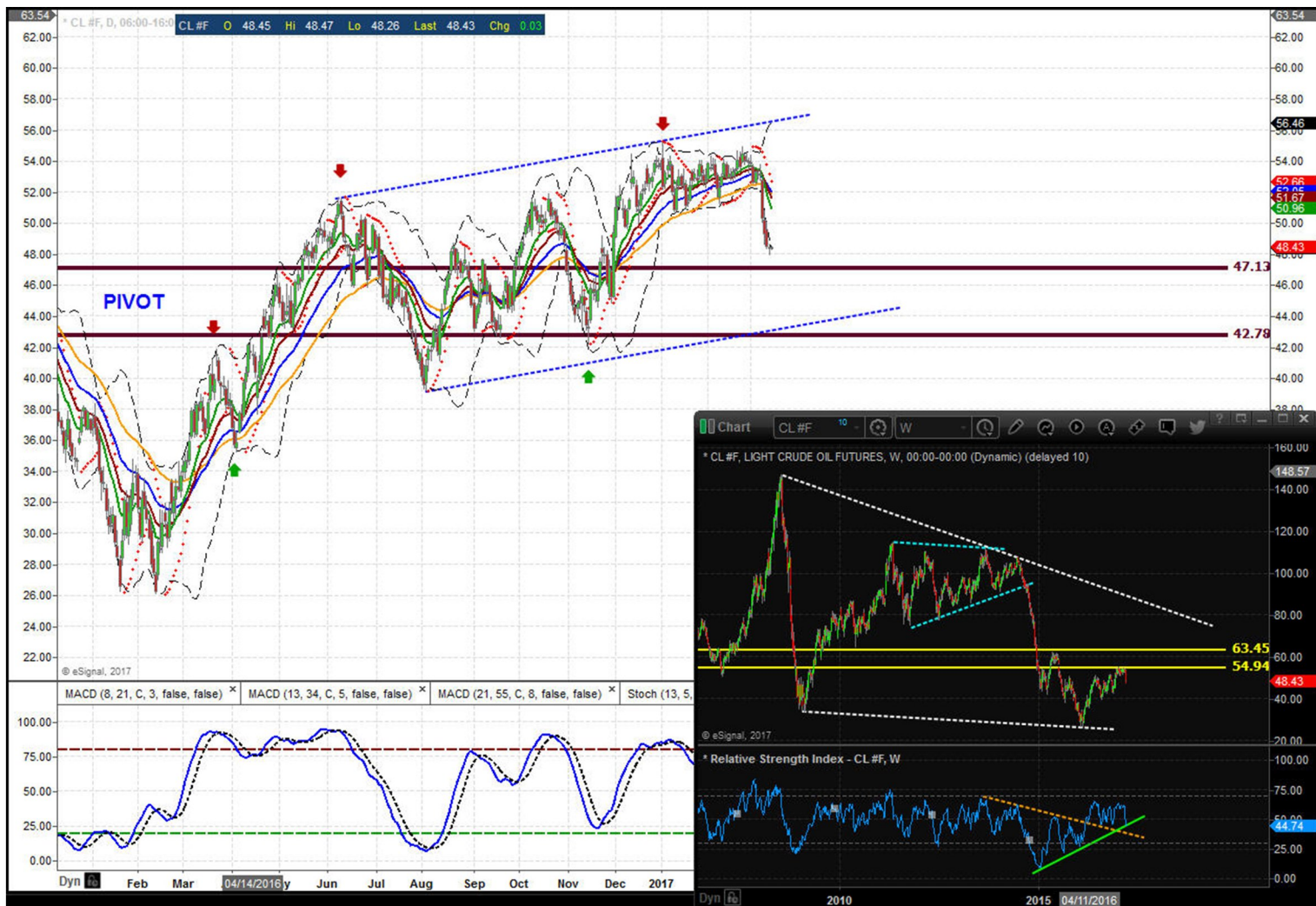


NYMEX WTI CRUDE OIL



DAILY: Recent weakness threatens the larger mid-term uptrend but we are to dismiss additional upside potential only below the 47.12 / 44.78 supports. Unless those levels are violated Oil remains in cards to push up one last time to complete the entire up cycle from the early 2016 lows.

WEEKLY: We're having trouble seeing how or why prices could forcefully push through the 54.94 / 63.45 weekly resistance range at the moment.

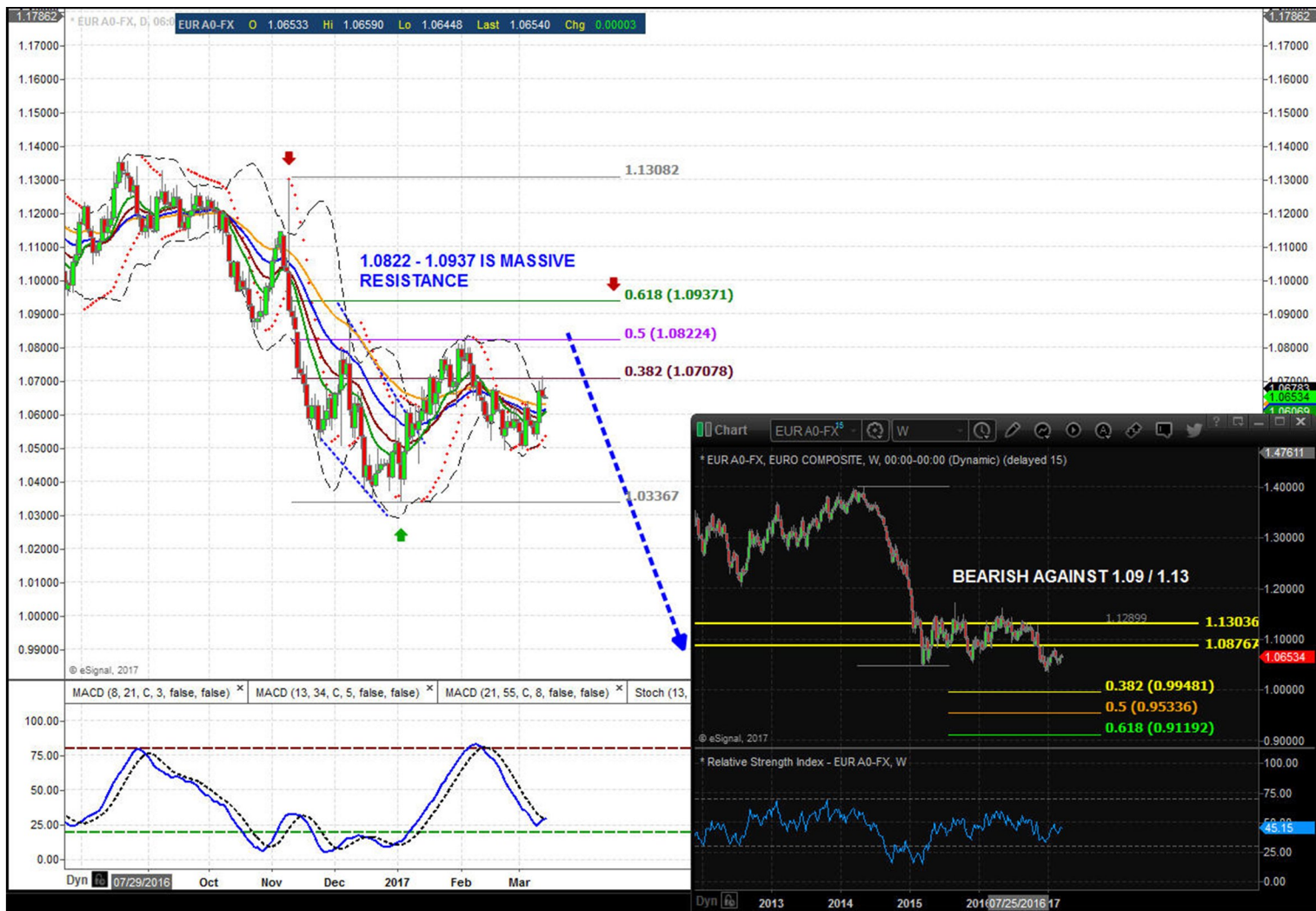
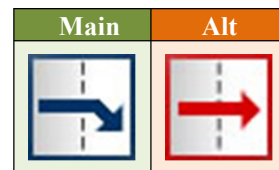




EURUSD

DAILY: I find it funny that as the Dutch and French elections are approaching the single currency appears to be tracing out the final subdivisions of the corrective rebound from the December lows. We're expecting a turn lower form within the 1.0822 / 1.0937 resistance range and then a hard push below 1.0370.

WEEKLY: Prices ought to push above the 1.0877 – 1.1304 area to mitigate the mid-term downside risk which at this point pertains to an accelerating decline below 1.03 and towards 0.91 – 0.95.





GBPUSD

DAILY: We're staying bearish GBP against 1.2800 at this point as the Article 50 drama is ultimately being consumed.

WEEKLY: For all the negative talk against the British Pound I believe everything fits well for the case that a decade-long decline is nearing an end here. We're expecting a major low to form within months from the moment the British Government goes on to trigger Article 50; and if our read on the pattern is right there will either be no 2nd Scottish independence referendum or there will be one that leads to the total and utter destruction of the Scottish National Party

....





USDCAD

DAILY: It would appear as though prices were intent poking above the previous 1.3574 high before turning back down to retest 1.3015 – 1.3218.

WEEKLY: There is not much long-term direction here though the 1.2470 – 1.2968 area appears to act like a switch between a long-term bullish (positive) and bearish (negative) bias, respectively.

