

STOCK PRICES AND LIQUIDITY

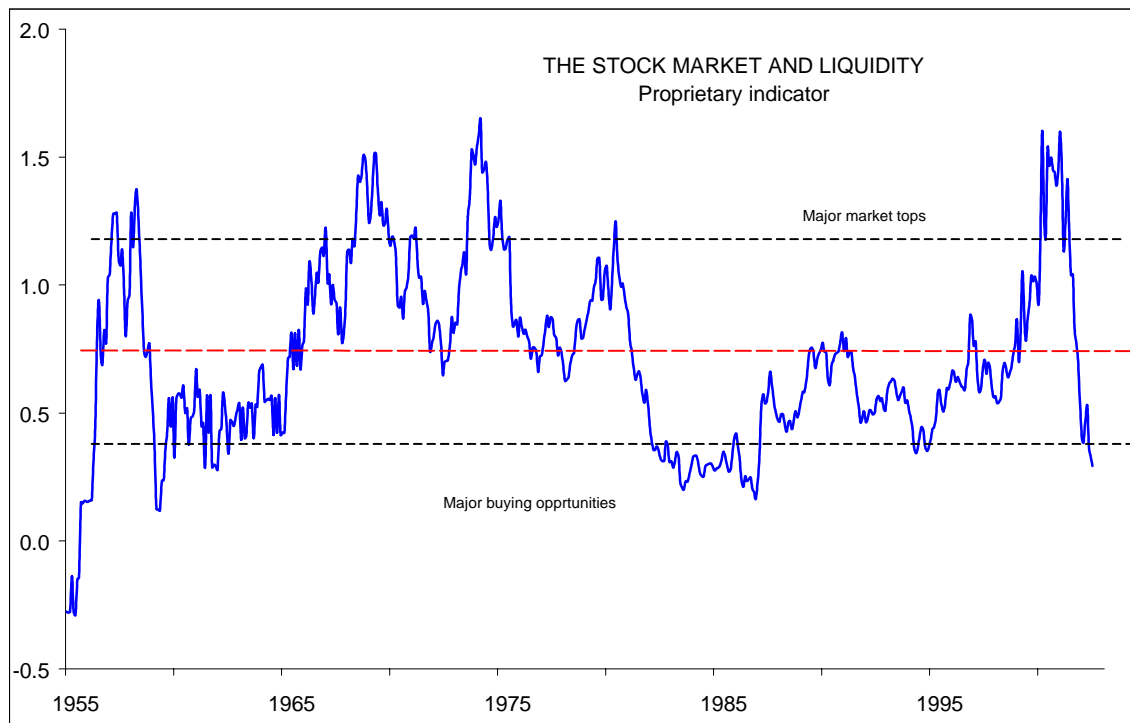
What if. What if my **proprietary indicator** is right? It would fool everybody. Is not this what markets do all the time at major turning points?

The reason I like it is because it was uncanny in identifying 4 major buy periods for the stock market since 1955: 1955, 1959-1963, 1982-1987, and 1994. It was also very correct in flagging warnings in the 1970s and in 1999-2000. Not bad indeed.

Right now this gauge is saying that we have entered a great buy opportunity. A buy opportunity that presented itself only 4 other times in the post-war period. Should I trust this indicator 100%?

Absolutely not. I have to consider its message, however, and realize that all the fear now rampant on Wall Street is going to keep most investors out of a great market move that is likely under way – according to this indicator. Is not this what happens at important bottoms?

The chart below gives you its perfect record.



Stocks are growing more slowly than liquidity. The market rises during such times to catch up with the growth in liquidity.