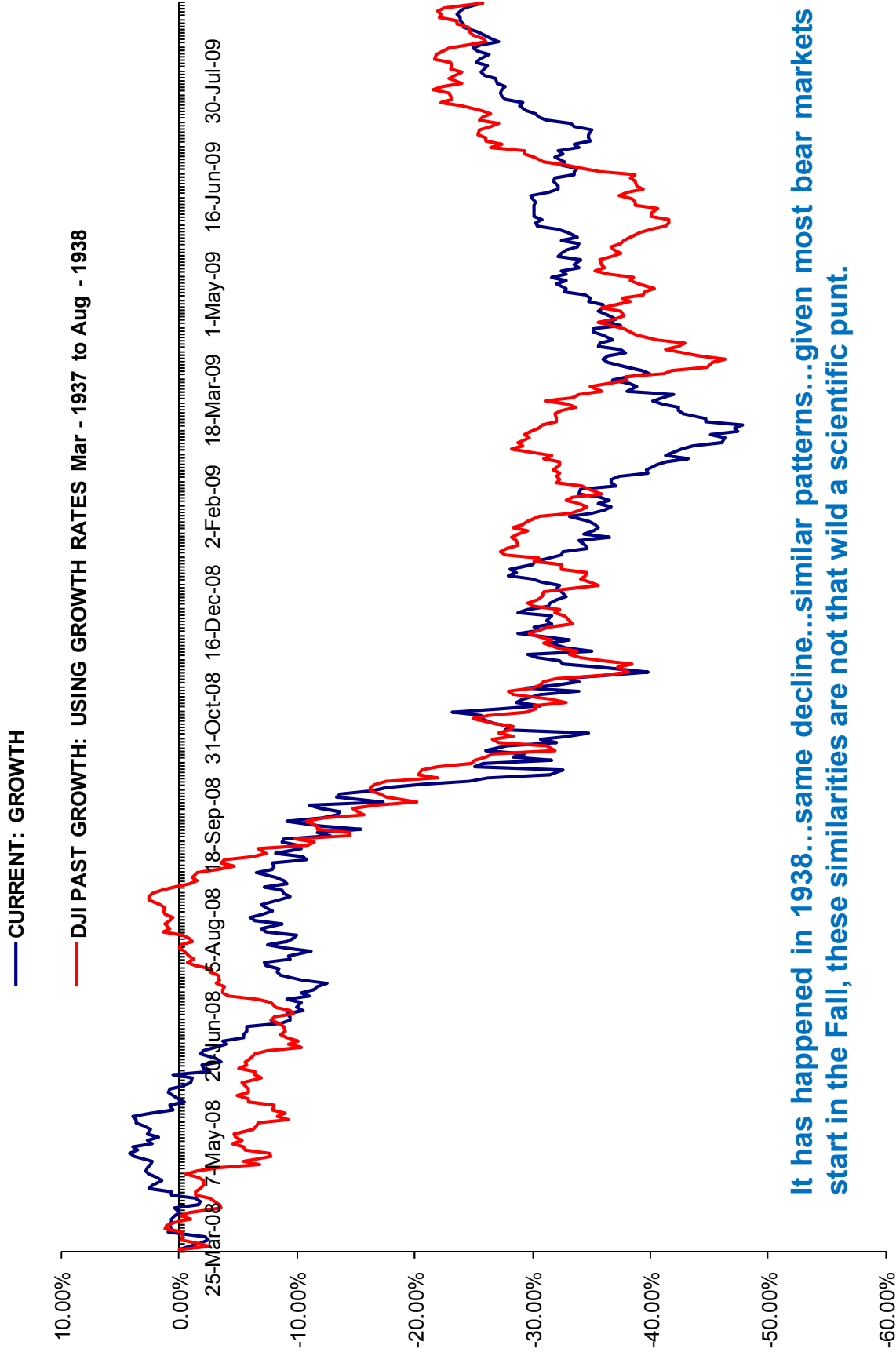


Alfred, Lord Tennyson

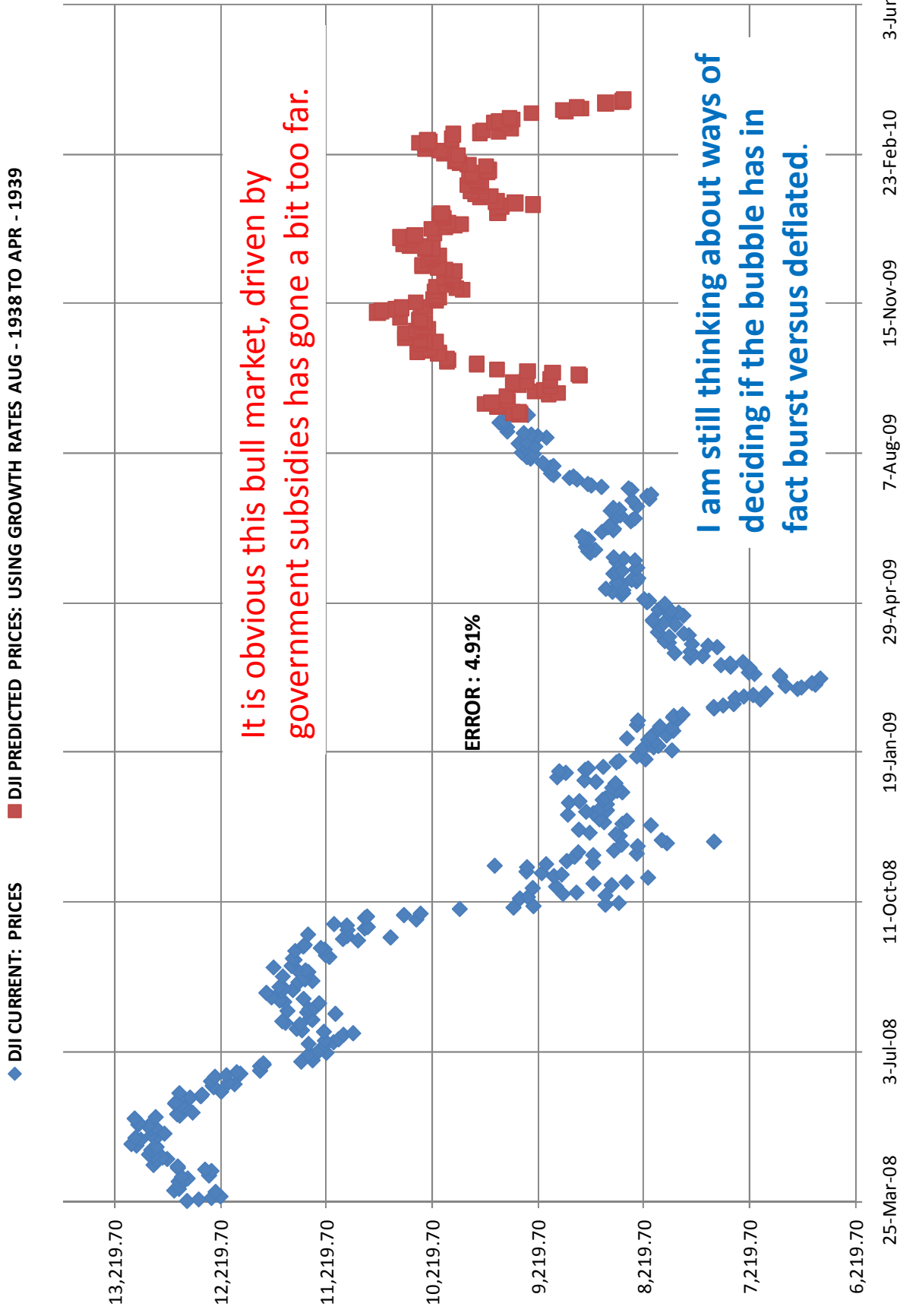
**For I dip't into the future
Far as human eye could see
Saw a vision of the markets
And all the ~~wonders~~ that would be.**

History is my guide to the future and rough seas are ahead.



It has happened in 1938...same decline...similar patterns...given most bear markets start in the Fall, these similarities are not that wild a scientific punt.

**“you can only control your process and approach, you cannot forecast the vagaries of the market”
- Seth Klarman**



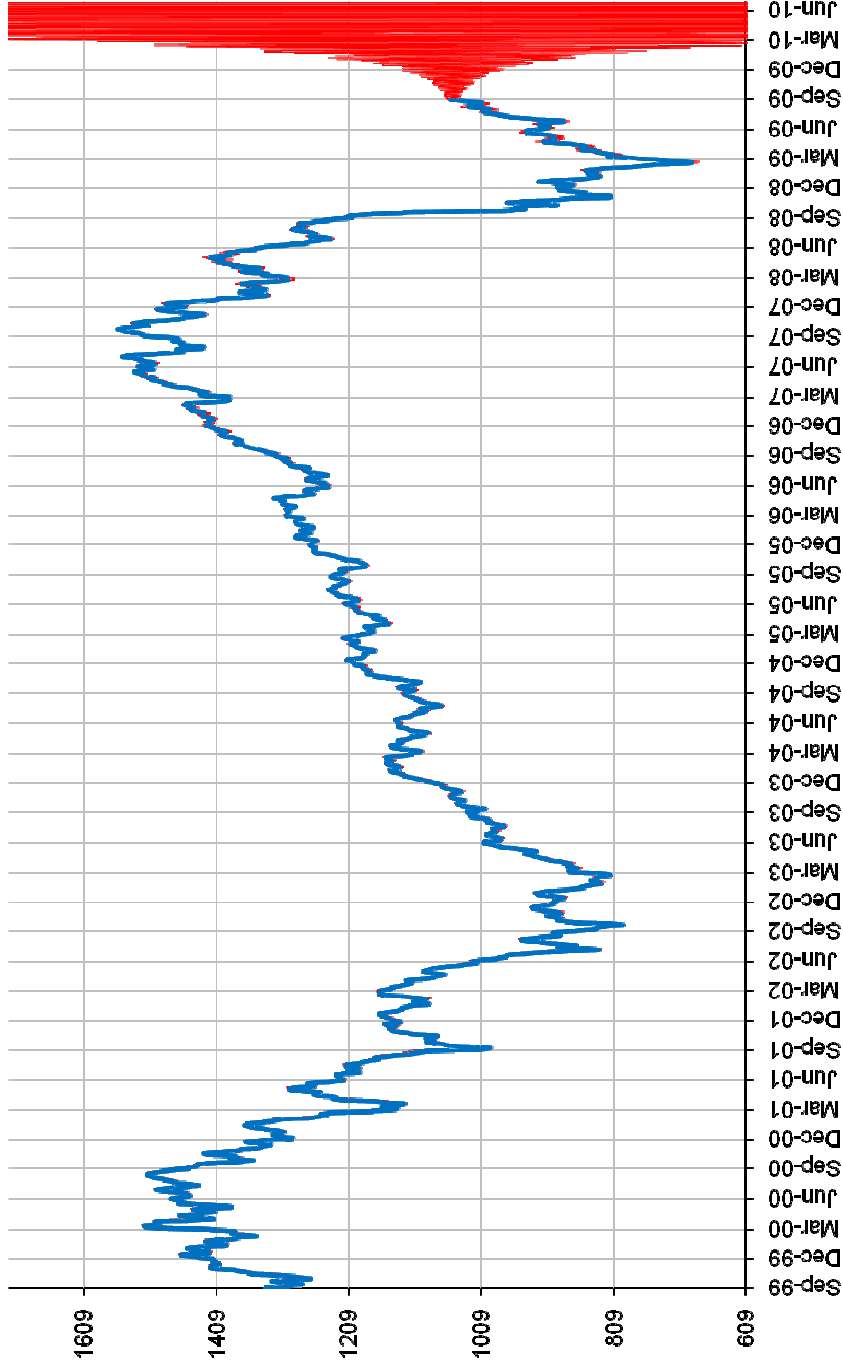
Friday, September 18, 2009

Rafael Nicolas Fermin - www.rmfc.org/ivey/

Ponzo's wave formula occasionally gives false positives and is also not that accurate @ timing (potential for x% move in either direction)

RMS-ERROR: 0.75% CRASH-DATE: Nov 18, 2009

— MA-ACTUAL — MA-PREDICT



$$P(n+1) = [2 - \{2\pi/T_n\}^2] P(n) - P(n-1) + \{2\pi/T_n\}^2 P_0$$

I consider this to be a measure of how tightly wound/organized a market has become and its therefore increased propensity to experience a tail event unless the tension is released.