THE BOOM - BUST ALERT
www.lifetoday.com.au
"There is always a bull market raging somewhere on this planet" - *Byron King*

Beware the Ides of March.

By Joe Average,
March, 2007.
www.lifetoday.com.au

The **Ides of March** are famously associated as the date in 44 BC on which Julius Caesar was assassinated (March 15th to be exact). The word "ides" is derived from the Latin "to divide" and was part of the ancient Roman calendar denoting the middle of the month and fell either on the 13th or the 15th.

Historians tell us how in the lead up to his death Julius Caesar was clearly troubled by a number of bad omens prior to that fateful day he attended his last meeting of the Roman Senate.

Most ominous of all was the premonition of the soothsayer Titus Vestricius Spurinna which spurred him to warn Caesar that he was in great danger and to "Beware the Ides of March". Caesar decided to disregard this warning, as well as to disregard his wife's dream of the night before (she dreamt he was lying dead in a pool of blood), and the fact that his high priest's sacrificial offerings kept producing unfavourable omens that morning.

When Caesar ran into Spurinna on his way to the Senate he chided the soothsayer saying confidently that "The Ides of March are come"…to which the soothsayer replied soberly "Yes, they are come, but they are not past".

Not long afterwards Julius Caesar was stabbed to death between 23 times and 35 times (depending on the account).

A Modern Day Soothsayer?

Robert Prechter (www.elliottwave.com) in his latest Elliott Wave Theorist Interim Report (February 21, 2007) is now playing Spurinna by putting out a warning to "Beware the Ides of March".

His forecast is that the Dow Jones Index has most likely peaked and may be on the verge of an imminent catastrophic collapse. Last October Prechter's newsletter called for a **"tentative peak for March 13, 2007".** In that same newsletter Prechter projected that the Dow Jones Index would most likely peak at a daily close near 12,801.

Now his wave analysis has again zeroed in on March 13th as a possible date for the Dow(n) turn to begin.

"The Dow and S&P are topping in wave "b". It has been a long rally; four years and four months. Four items indicate that the peak is at hand…… It appears time to get aggressive again."

"To summarize, three aspects of the Wave Principle have converged to indicate that the Dow is within hours of peaking in wave "b". Speculators should return to a fully leveraged short position immediately……….As a fail safe, under any circumstance that gets speculators out of their short position, be sure to return to it upon any drop of 360 Dow points from the all time high. We want to be sure to catch the decline forecasted in Figure *5*. With interest rates at a healthy 5 percent, investors should stay in cash."

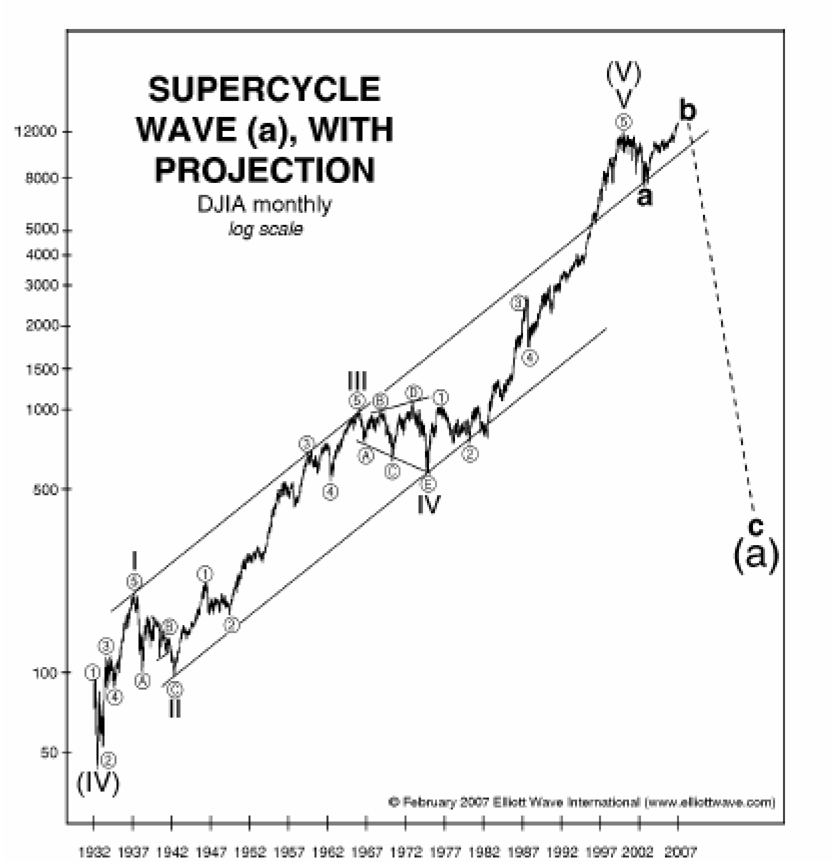

Figure 5

Chart courtesy Elliott Wave International www.elliottwave.com

Oil Price Tipped to Tumble in March.

Analysts at investment bank Sanford C. Bernstein & Co. are forecasting that oil could drop more than 30 percent in March to $40 a barrel and may even fall closer to $30.

This contrarian view is based on the rising cost of storing crude oil. The prediction is based on the fact that the huge rush to invest in commodity futures has pushed the market into **"contango"** (which happens when futures prices rise above spot prices, usually mirroring storage or handling costs) and that rising costs might soon reach a "breaking point" where speculators are forced to sell out.

A Bloomberg article quotes London based analyst Neil McMahon as saying **"As storage fills up, storage costs rise and the contango widens. At some point, investors will reallocate money away from commodity funds, causing futures prices to fall….The funds flow into commodities in recent years is staggering….After four years of fund flow into commodity futures, investors in oil are now struggling with how to generate a return with the curve in contango and a negative roll yield".** This means investors could lose money even if oil prices rose as funds sold expiring contracts but then had to pay more for futures contracts.

So who's right? The likes of Goldman Sachs who are predicting oil prices will run up to over $70 a barrel this year and may soar over $100 in a "super spike" lasting into 2009… or the analysts predicting a slump?

And if the price of oil were to slump… how would that affect the global stock markets? Would stocks rally in the belief that cheaper crude would lower the cost of doing business? Or would uncertainty cause investors to panic and rush to safety?

Beware the Ides of March.

All the best, Joe.
www.lifetoday.com.au

Disclaimer: *This newsletter is written for educational purposes only. It should not be construed as advice to buy, hold or sell any financial instrument whatsoever. The author is merely expressing his own personal opinion and will not assume any responsibility whatsoever for the actions of the reader. Always consult a licensed investment professional before making any investment decision.*

Favourite Links:

www.gold-eagle.com
www.financialsense.com
www.freebuck.com
www.fiendbear.com
www.elliottwave.com
www.technicalindicatorindex.com
www.dailyreckoning.com
www.prudentbear.com

Archives:

February 2007 **Party on…but near an exit.**
January 2007 **Low-Doc Lenders Beware!**
December 2006. **New Masters of the Universe?**
November 2006 **Chasing Cash-Poor Consumers.**
October 2006 **America…Please Keep Spending.**
September 2006 **New Blue-Collar Rich. (Cashed –Up Bogans).**
August 2006 **The Devil's Advocate.**
July 2006 **Living on the Edge.**
June 2006 **Did They Really Say That?**
May 2006 **A Pact with the Devil.**
April 2006 **Cassandra's Curse.**
March 2006 **Avoiding a Bubble Bath.**
February 2006 **HIGH NOON High-Stakes Showdown, Part 2.**
January 2006 **HIGH NOON High-Stakes Showdown, Part 1.**
December 2005 **A "Cauldron of Anxiety".**
November 2005 **The Six Horsemen of the Apocalypse.**
October 2005 **Back to The Future?**
July 2005 **Washing Each Other's Underwear, Paper Shuffling, & McMansions.**
June 2005 **The Biggest Global Real Estate Boom of All Time…Thanks Al!**