

“Do You Like Apples?”

S&P 500, Dollar Index, Euro, Pound Sterling, Euro/Pound, Swedish Krona, Aussie, Kiwi, S. African Rand, Loonie, Brazilian Real, Russian Ruble, Indian Rupee, Turkish Lira, Gold, Silver, GDX, LME Copper, CRB Index, JOCI-ECRI, WTI, Brent Crude, US 10 Year, German 10 Year, France 10 Year, Italy 10 Year, MSCI EM Index, Brazil, Russia, India, China, Korea, Japan, Taiwan, S. Africa, Egypt, Euro STOXX 50, Germany, UK, France, Italy, Turkey, Greece

The weekly devastation in commodities is eerily reminiscent of the stunning May rout that triggered a Global Sell Signal which ultimately marked the top in equities for 2011. Now armed with both the Charts and History on our side, our analysis suggests that the stage is similarly set for a global sell off in risky assets. In fact the case for a significant decline into the first quarter of 2012 is even more compelling now than it was back then with the S&P 120 points higher. The US Dollar is now in a strong primary Bull trend and heading much higher; the structural and technical viability of the Euro is now in grave danger (is there any other kind?); Emerging Markets continue to unravel; Europe is in a grim technical position; and interest rates in the US are plummeting with a brio which harkens back to the darkest days of 2008. There is still time to sell them.



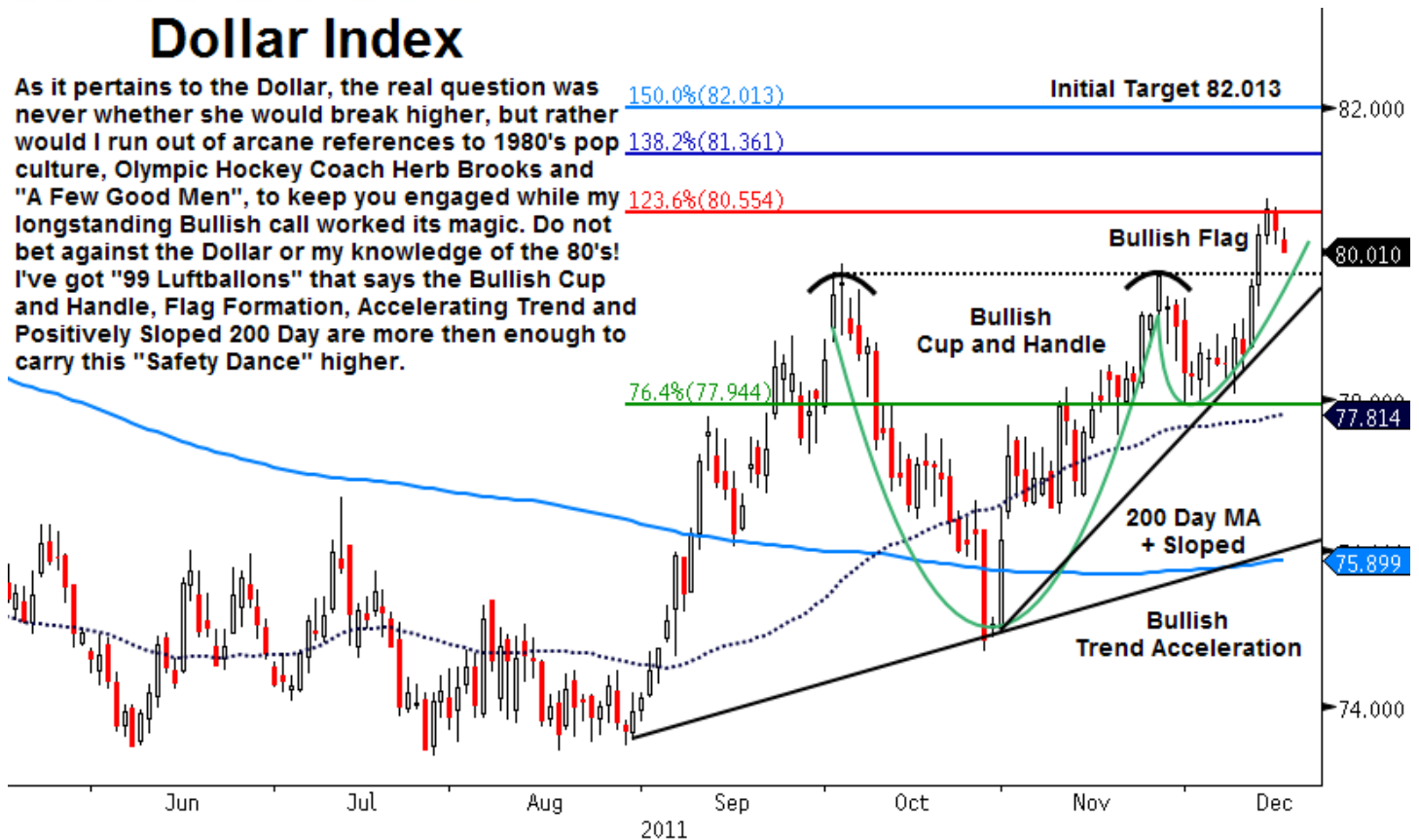
See Important Disclosures and Analyst Certification on Page 27

Auerbach Grayson & Company, LLC 25 W 45th Street New York, NY 10036

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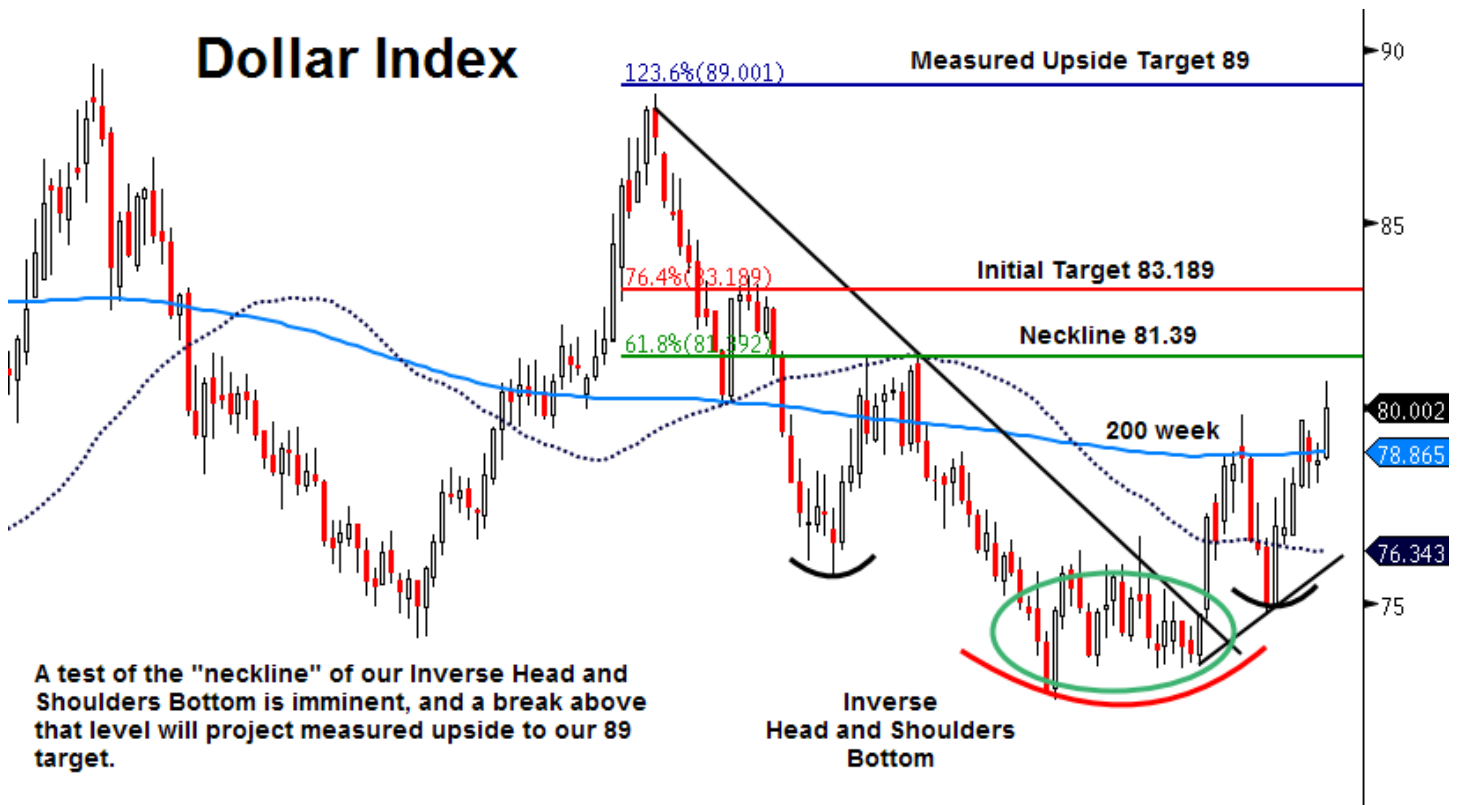
Dollar Index

As it pertains to the Dollar, the real question was never whether she would break higher, but rather would I run out of arcane references to 1980's pop culture, Olympic Hockey Coach Herb Brooks and "A Few Good Men", to keep you engaged while my longstanding Bullish call worked its magic. Do not bet against the Dollar or my knowledge of the 80's! I've got "99 Luftballons" that says the Bullish Cup and Handle, Flag Formation, Accelerating Trend and Positively Sloped 200 Day are more than enough to carry this "Safety Dance" higher.



DX1Y -- DOLLAR INDEX SPOT G72 Daily 12/15/10 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 07:45:59

Dollar Index



A test of the "neckline" of our Inverse Head and Shoulders Bottom is imminent, and a break above that level will project measured upside to our 89 target.

DX1Y -- DOLLAR INDEX SPOT G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 07:57:30

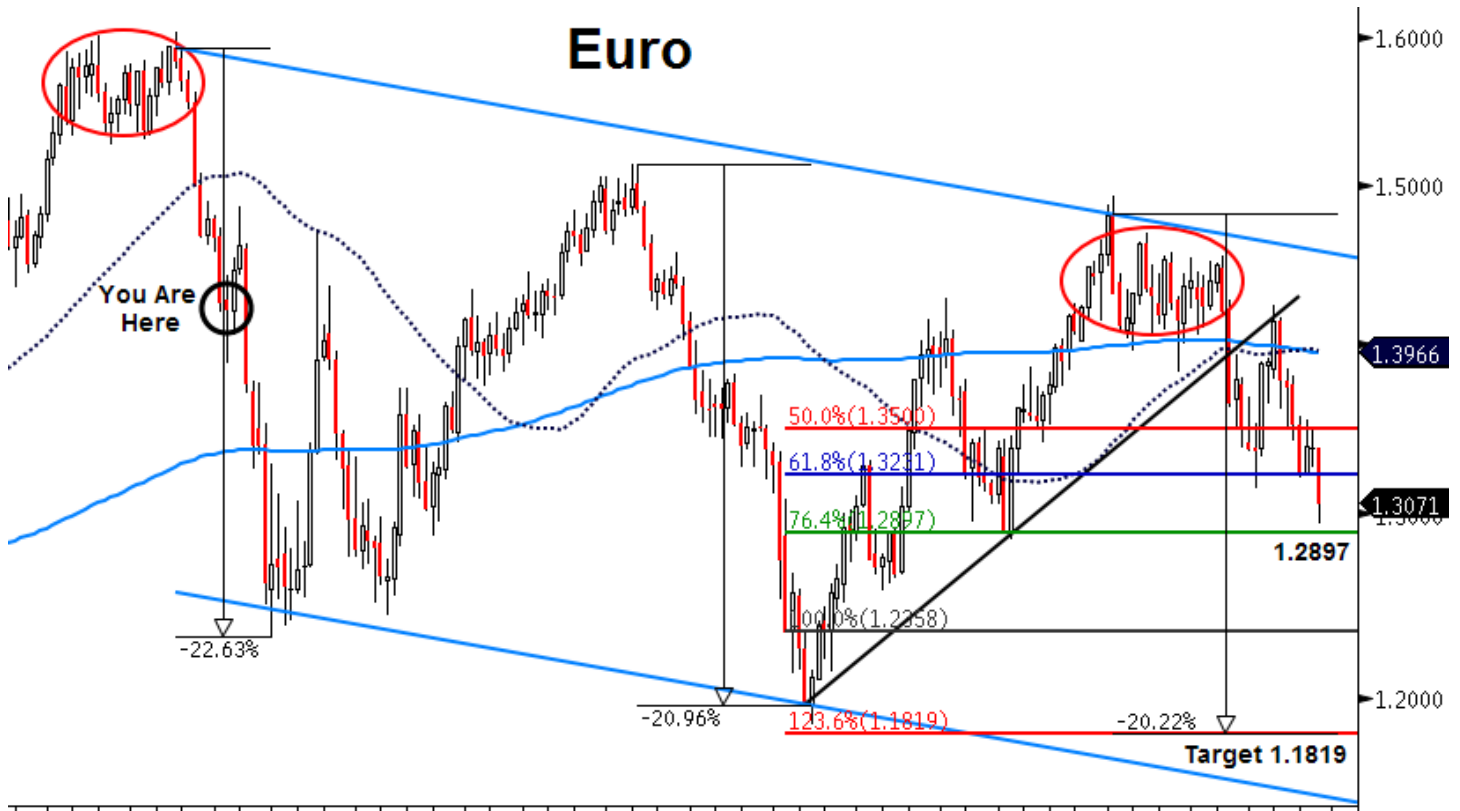
Euro

The European Debt Crisis is like being stung by a jellyfish; the treatment is worse than the pain. The Lipizzaner Stallions have left the barn and our charts continue to suggest that you sell the Euro down to 1.1819. Keep your passports out as we will be making stops along the way at 1.29, 1.2647 and 1.2358. 1.2358 is beautiful in January.



EUR EURO SPOT G72 Daily 12/16/10 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 08:09:45

Euro



EUR EURO SPOT G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 07:59:52

"Pound Sterling"

Even Chaucer would admit she remains both a noun and a verb. Pound Sterling right here for a move down to 1.51. There is "Tale" risk down to 1.44.



GBP BRITISH POUND SPOT G72 Daily 12/16/10 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 08:16:40

Pound Sterling

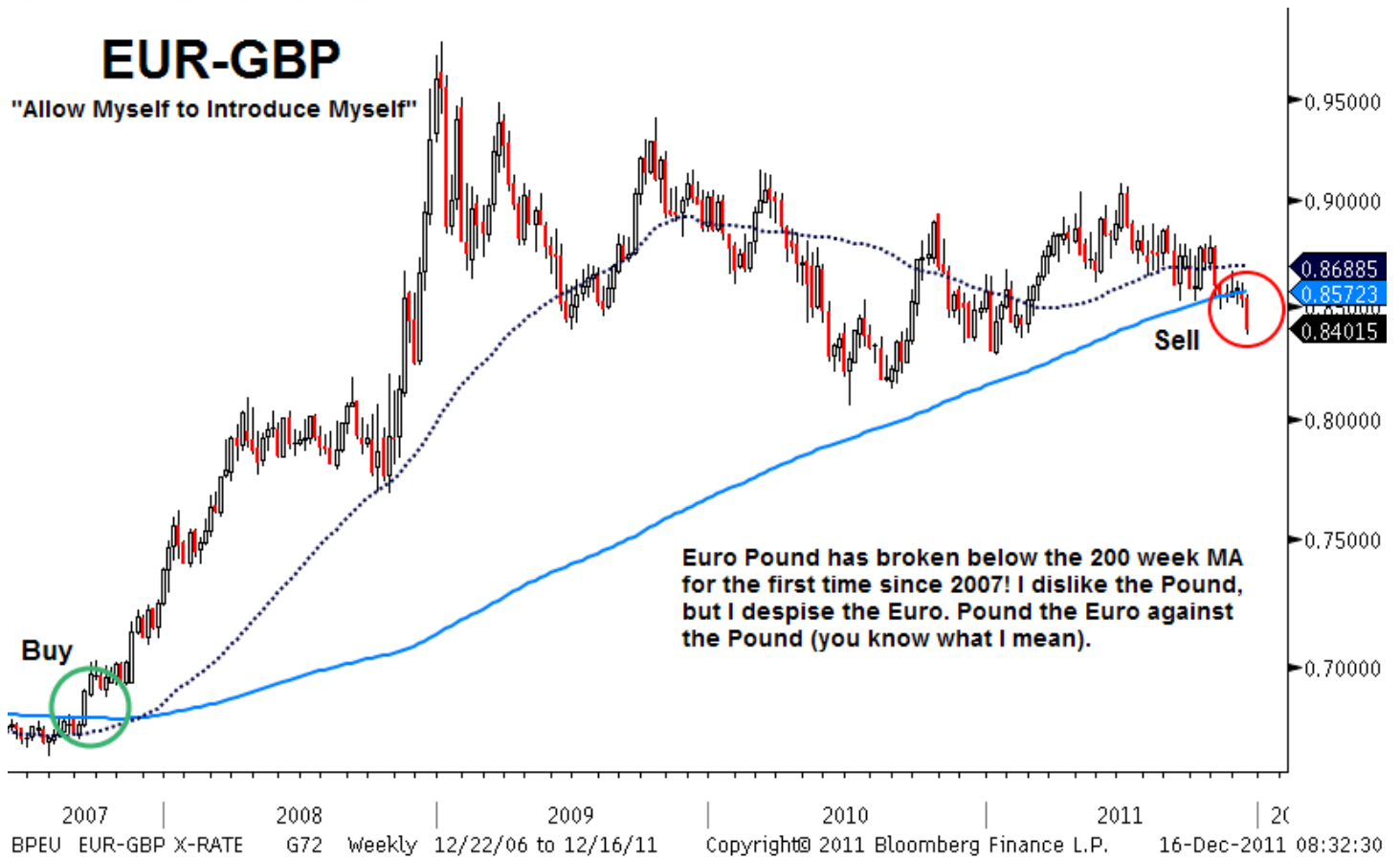
Her Majesty the Queen has worn less elaborate crowns then the one which currently adorns the Pound. Should she break below 1.5325 it will be a fast move down to 1.42.



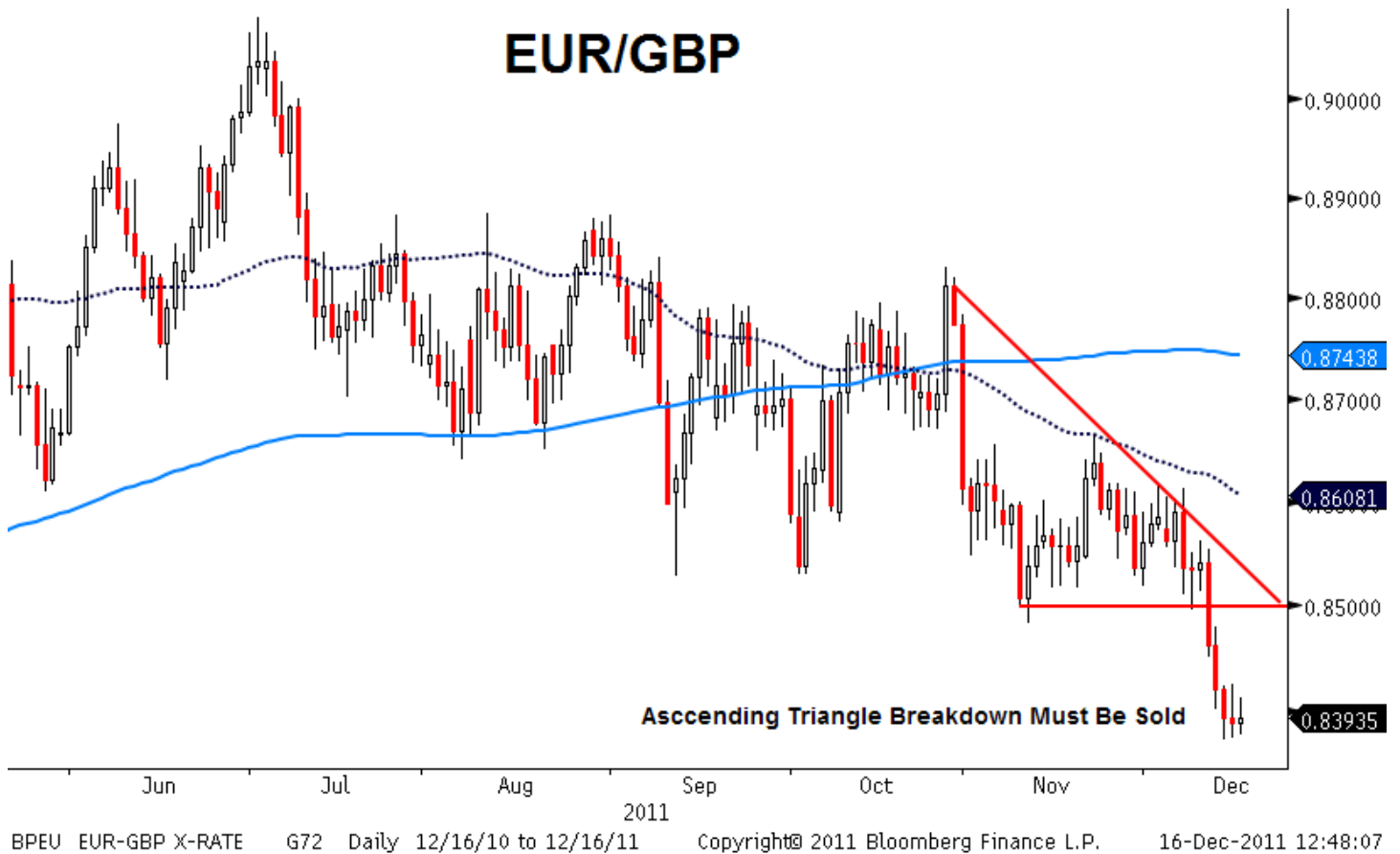
GBP BRITISH POUND SPOT G72 weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 08:27:37

EUR-GBP

"Allow Myself to Introduce Myself"

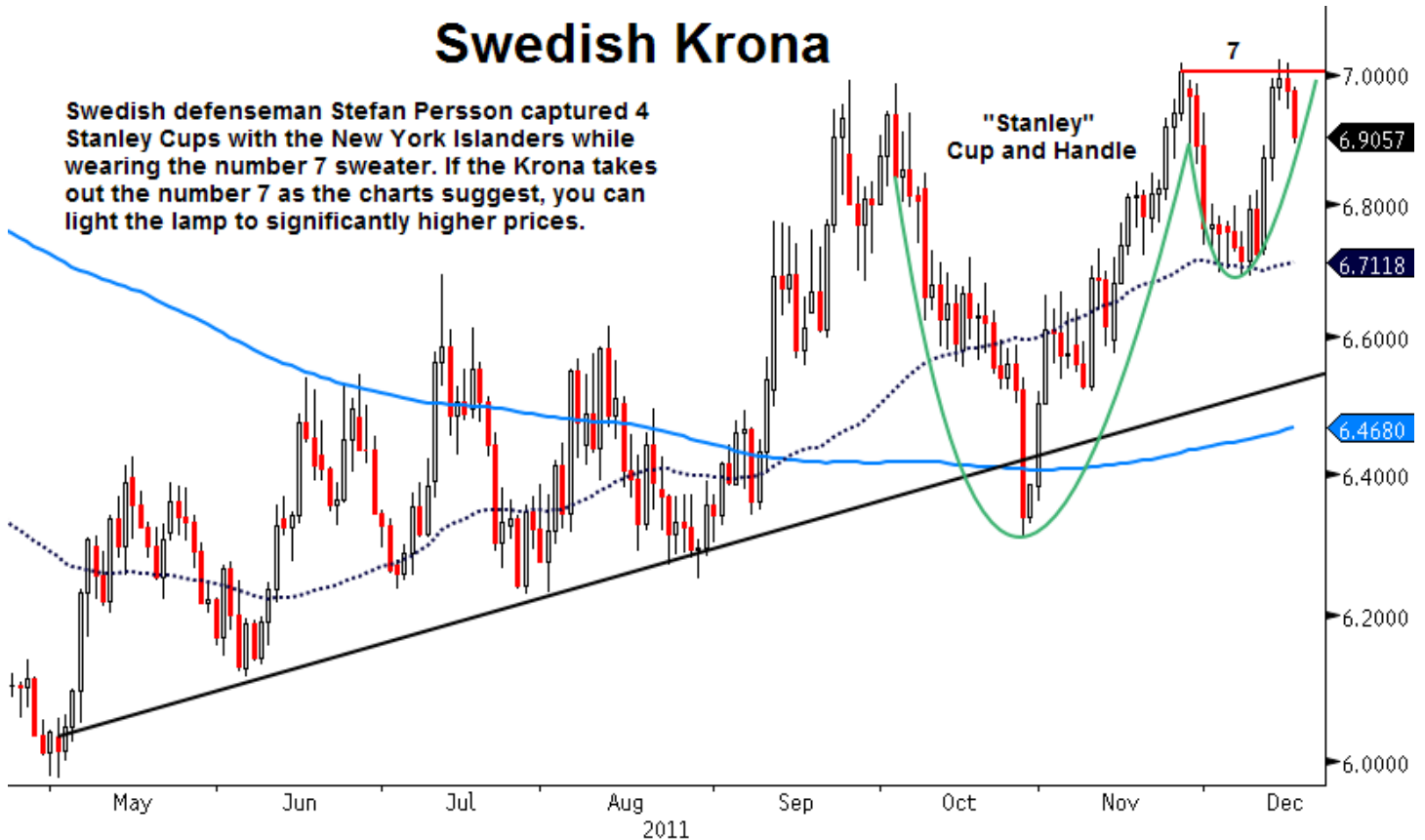


EUR/GBP



Swedish Krona

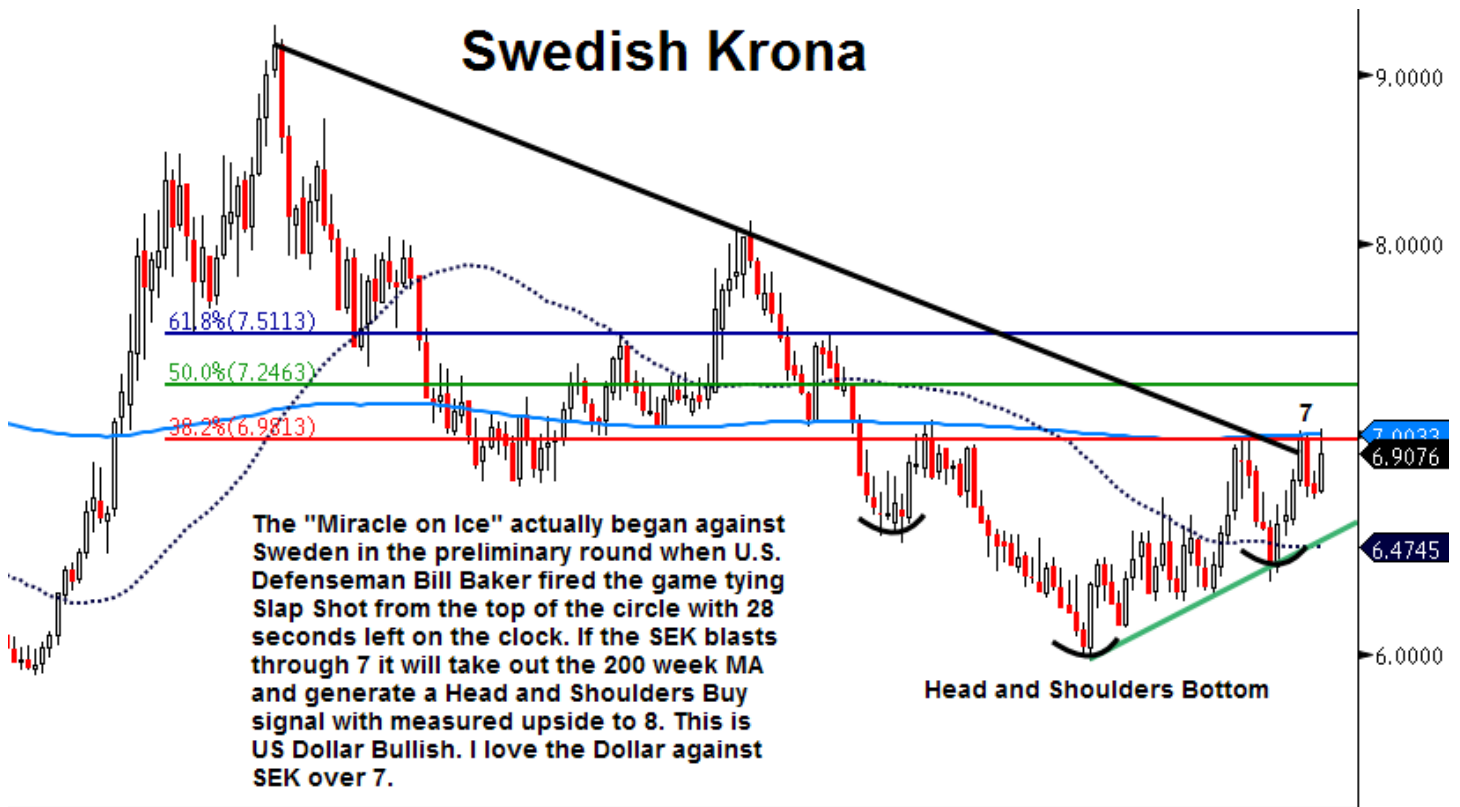
Swedish defenseman Stefan Persson captured 4 Stanley Cups with the New York Islanders while wearing the number 7 sweater. If the Krona takes out the number 7 as the charts suggest, you can light the lamp to significantly higher prices.



SEK SWEDISH KRONA SPOT G72 Daily 12/16/10 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 08:51:33

Swedish Krona

The "Miracle on Ice" actually began against Sweden in the preliminary round when U.S. Defenseman Bill Baker fired the game tying Slap Shot from the top of the circle with 28 seconds left on the clock. If the SEK blasts through 7 it will take out the 200 week MA and generate a Head and Shoulders Buy signal with measured upside to 8. This is US Dollar Bullish. I love the Dollar against SEK over 7.

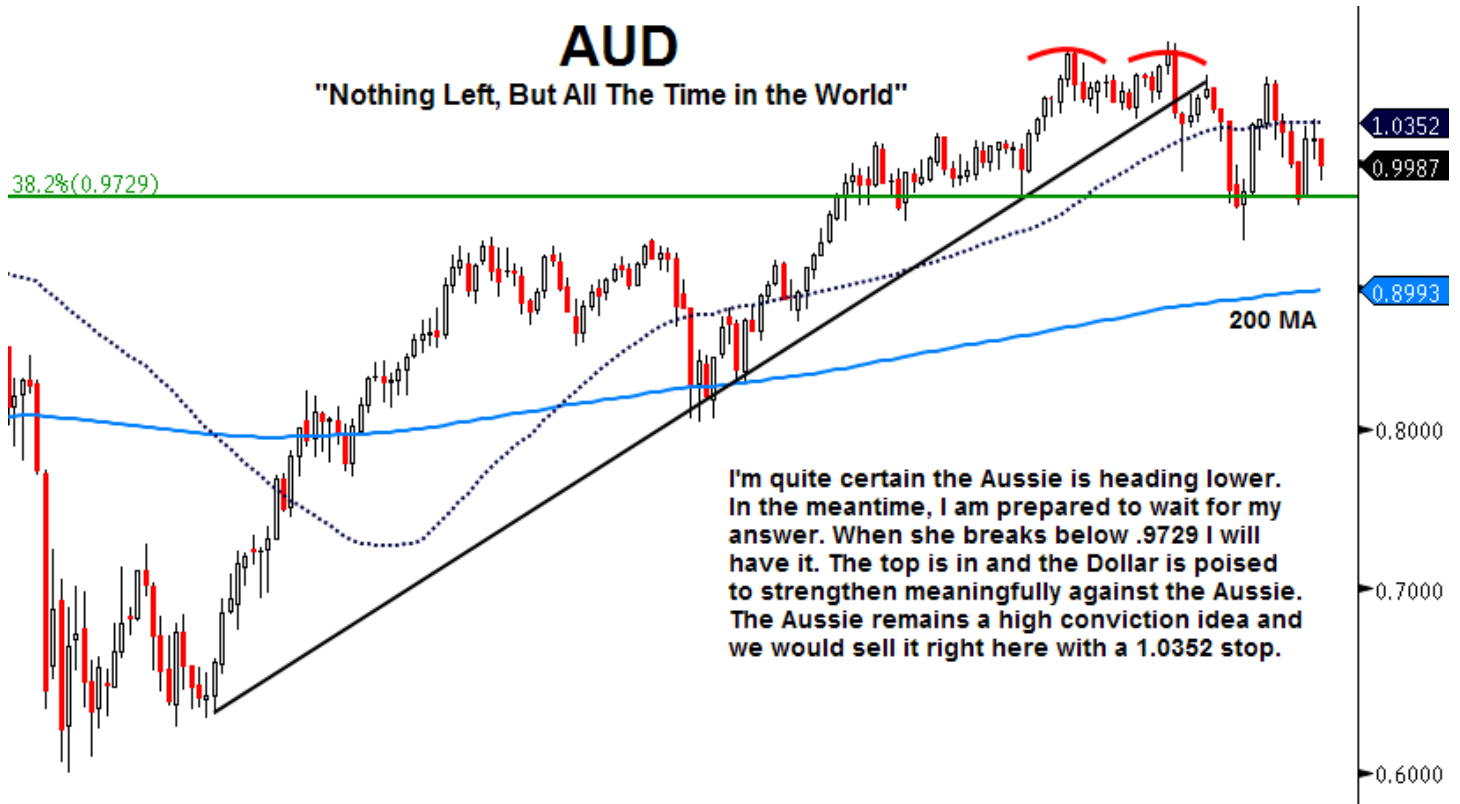


SEK SWEDISH KRONA SPOT G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 09:04:28

AUD

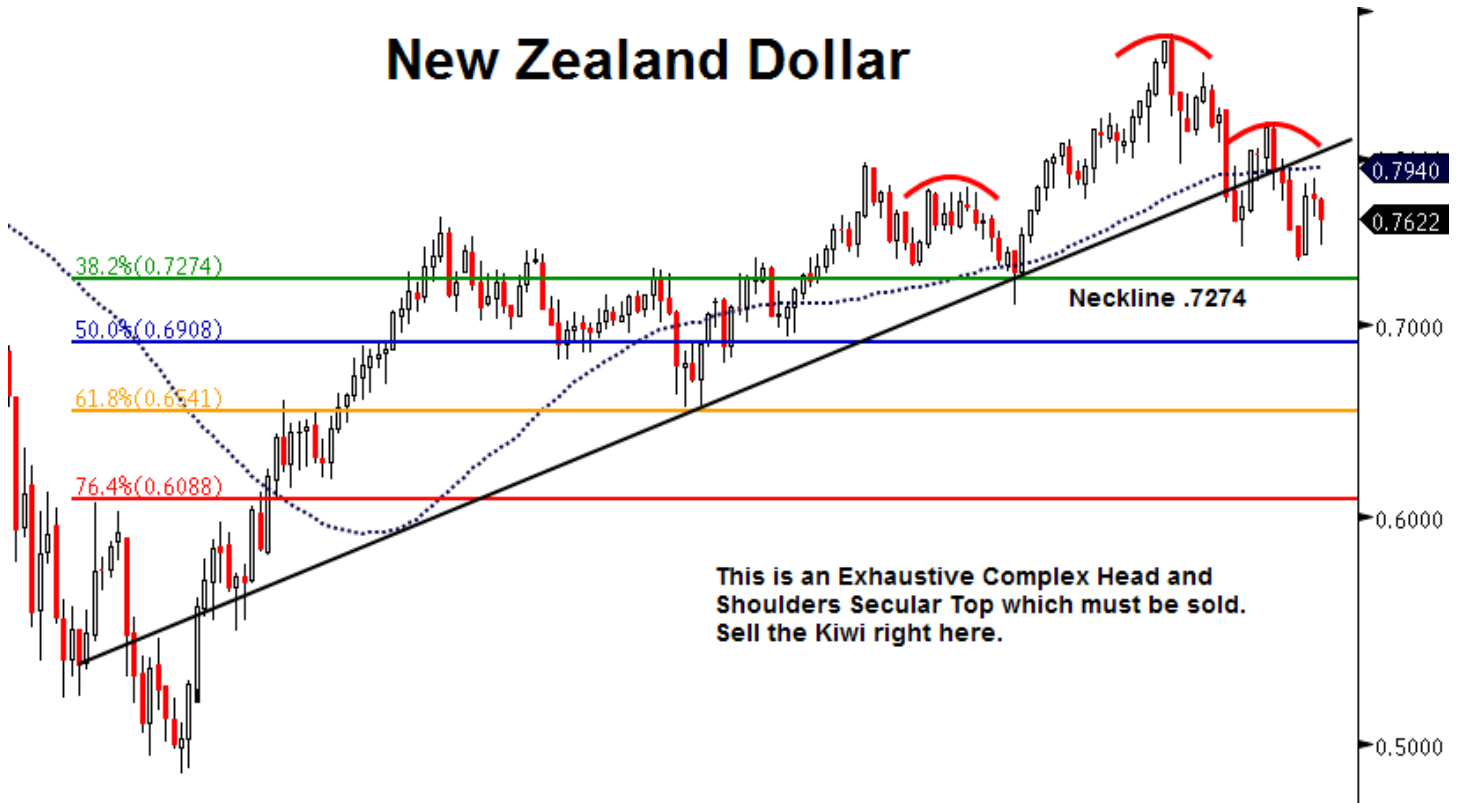
"Nothing Left, But All The Time in the World"

38.2%(0.9729)



AUD AUSTRALIAN DOLLAR SPOT G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 09:09:56

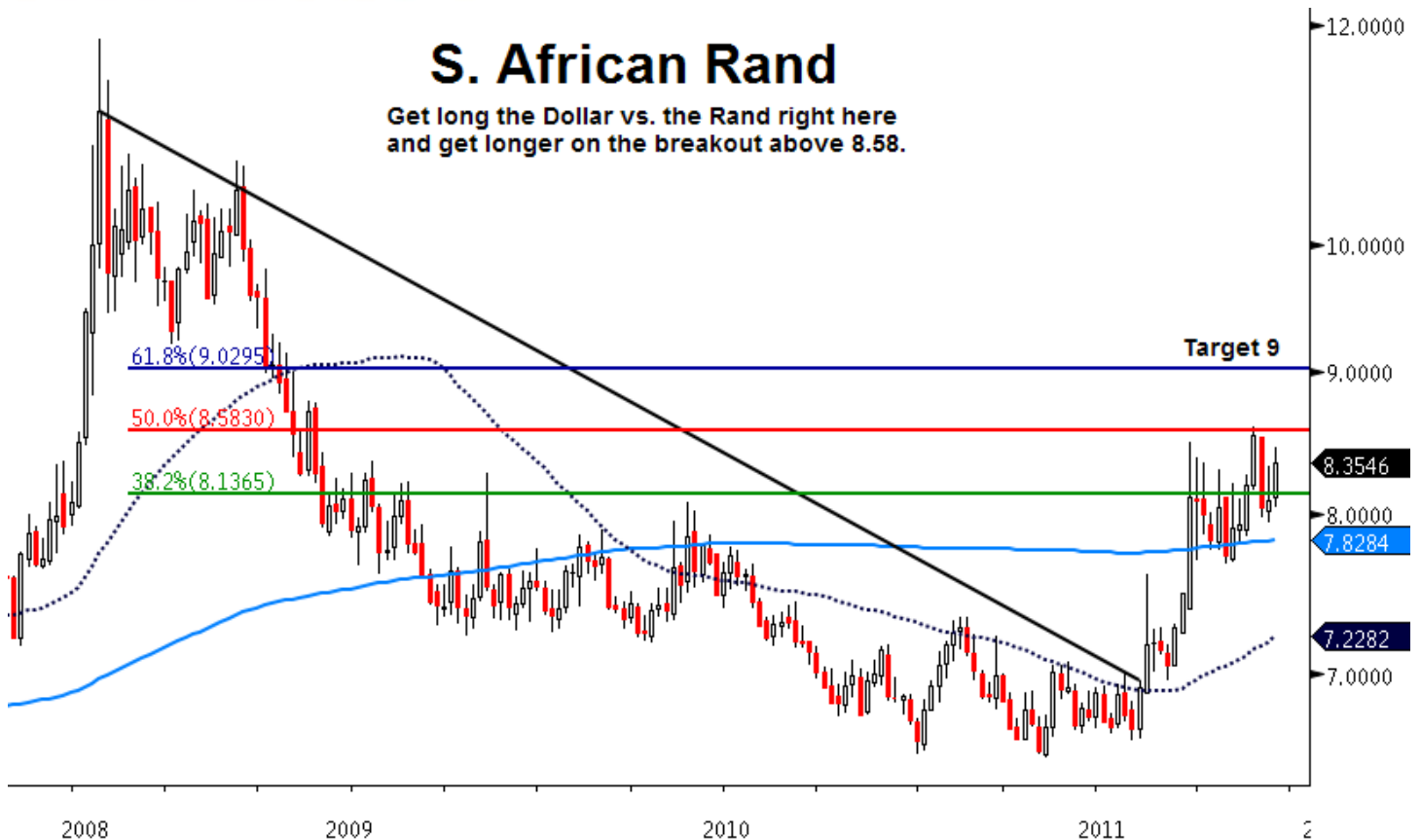
New Zealand Dollar



NZD NEW ZEALAND DOLLAR SPOT G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 09:14:38

S. African Rand

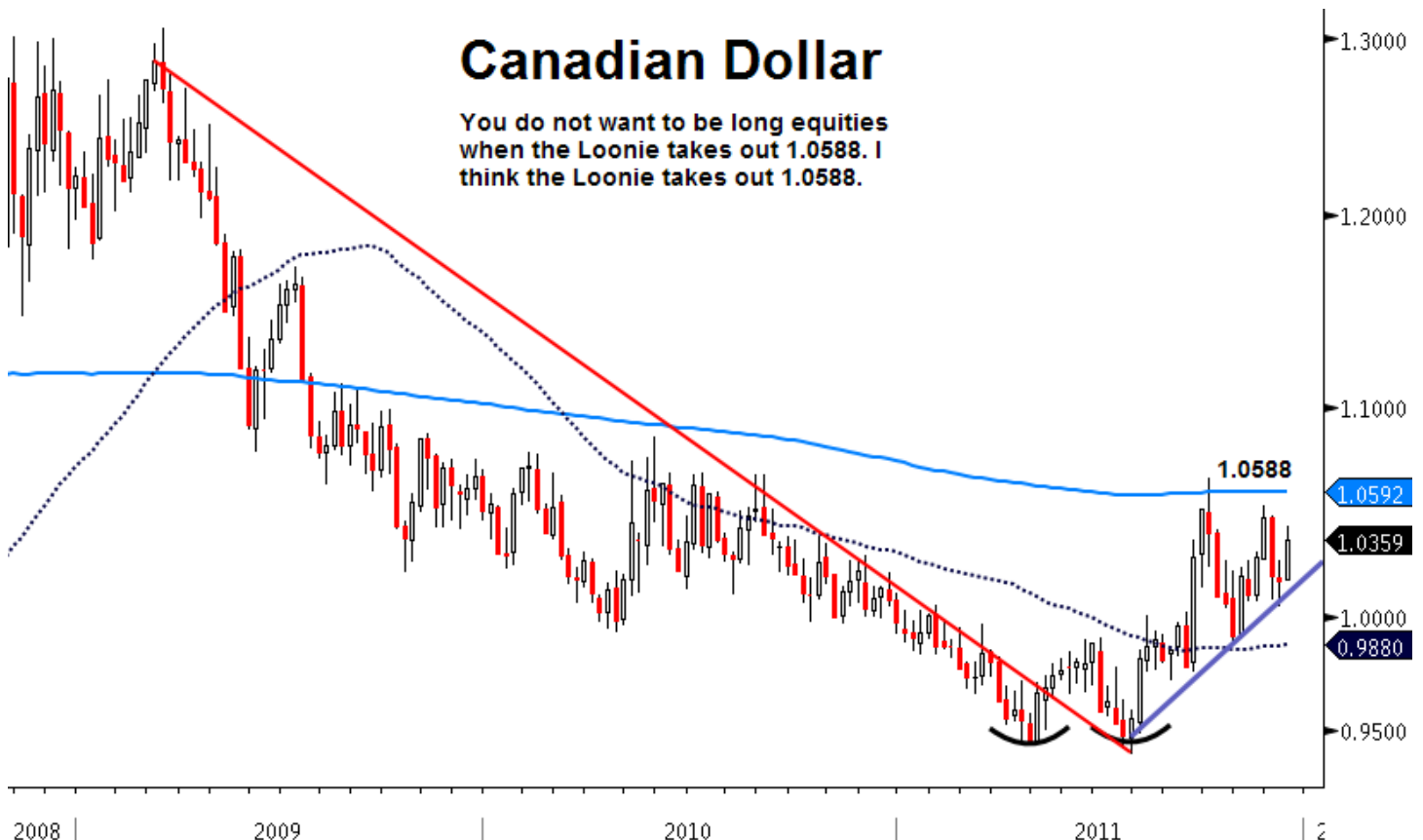
Get long the Dollar vs. the Rand right here and get longer on the breakout above 8.58.



ZAR S. AFRICAN RAND SPOT G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 09:17:04

Canadian Dollar

You do not want to be long equities when the Loonie takes out 1.0588. I think the Loonie takes out 1.0588.



CAD CANADIAN DOLLAR SPOT G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 09:18:49

Brazilian Real

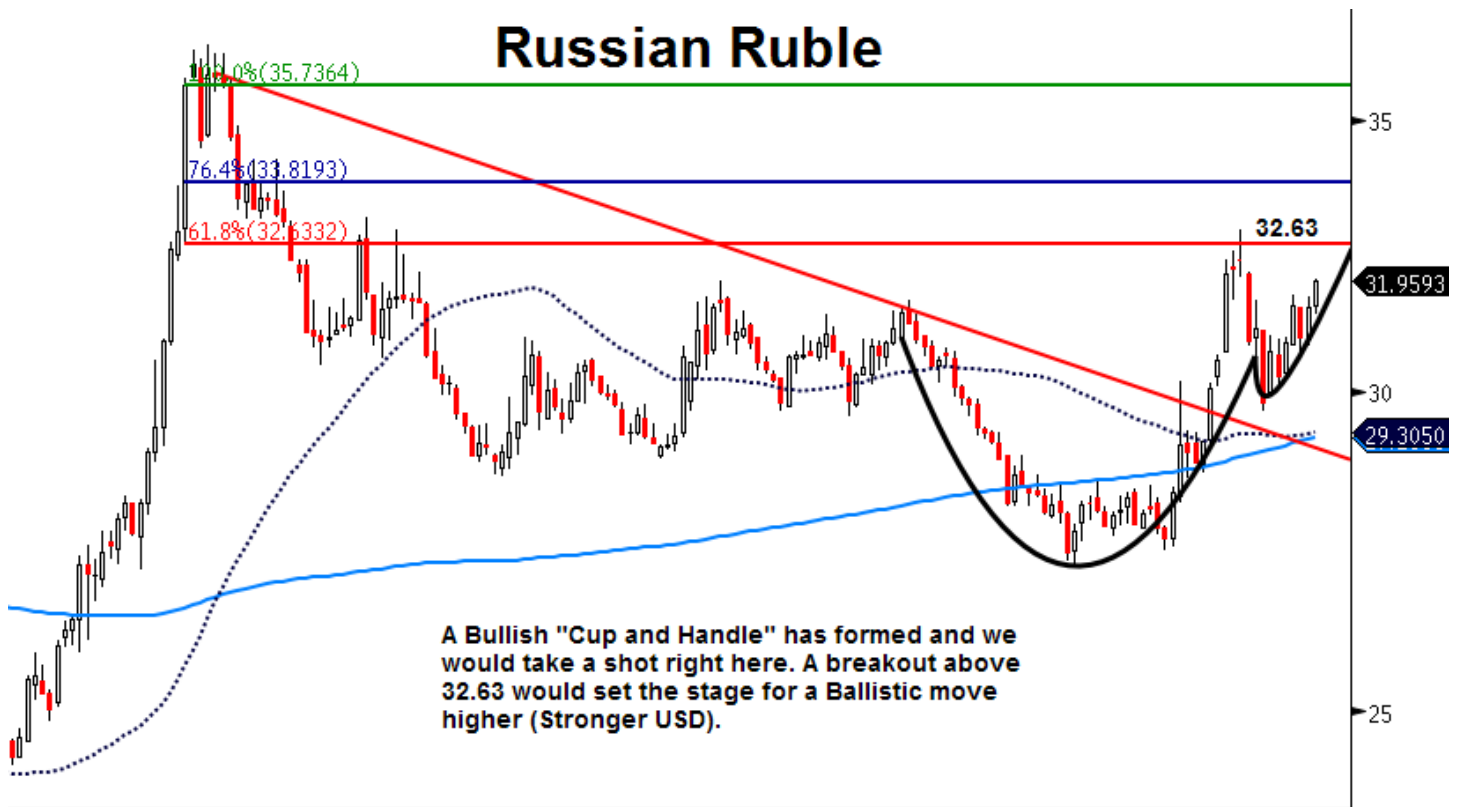
You do not want to be long equities when the Real takes out 1.90. I think she takes out 1.90.



BRL BRAZILIAN REAL SPOT G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 09:21:10

Russian Ruble

A Bullish "Cup and Handle" has formed and we would take a shot right here. A breakout above 32.63 would set the stage for a Ballistic move higher (Stronger USD).



RUB RUSSIAN RUBLE SPOT G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 09:33:16



Gold

Bring on the formal wear. These are the facts: Gold has broken below the 200 day MA, the well defined trend line, and the 50 wk MA for the first time in almost 3 years! She has also violated the textbook Coil which projects measured downside to 1,300. The last time Gold broke below its 200 day MA she fell another 23%. If you can not handle a move down to 1,277 at a minimum, then you have no business "owning" Gold. You can rent it here for a potential pullback into 1,676, where even the most ardent Bulls must exit gracefully. Aggressively sell any failure to take out the 200 day at 1,620.



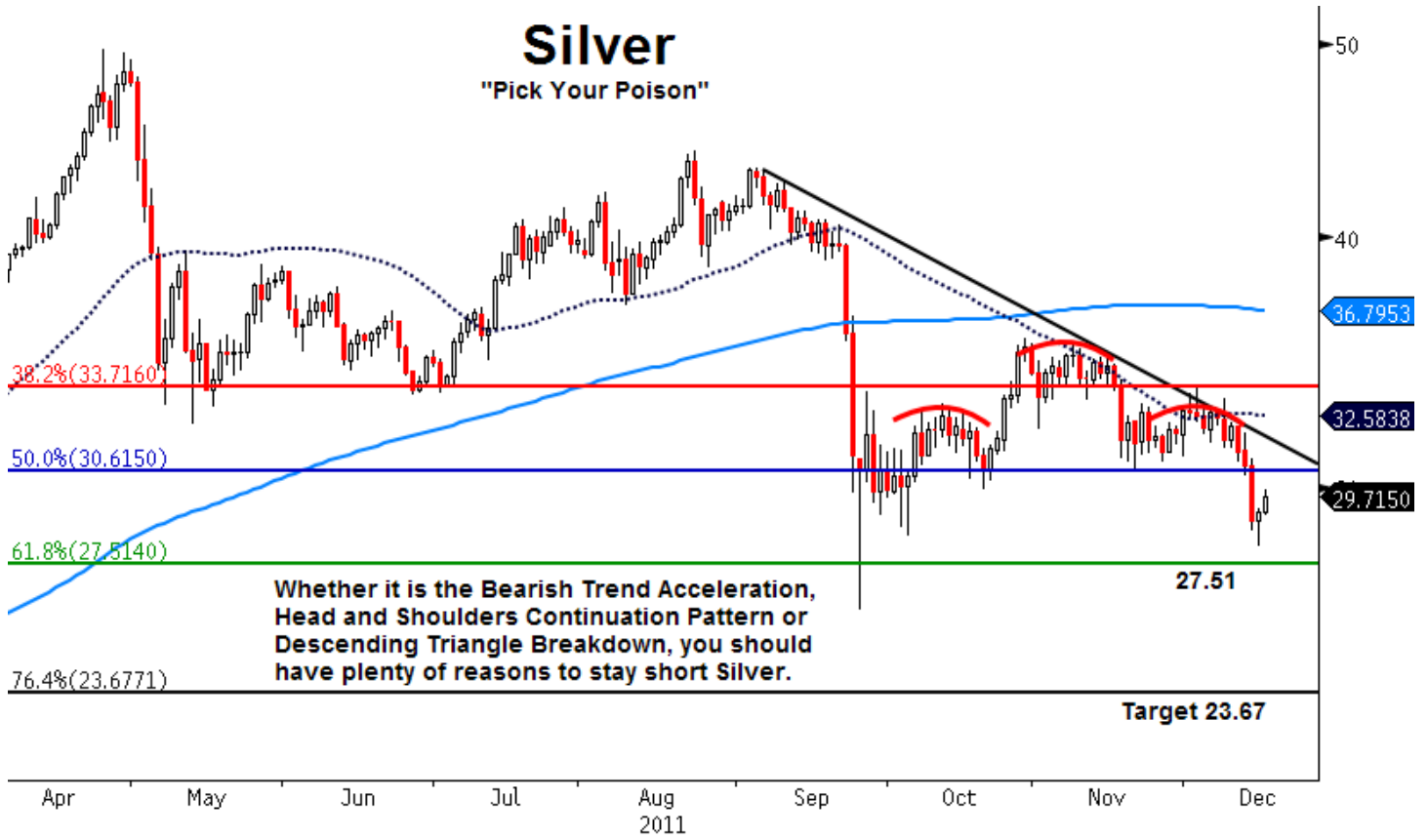
Gold

Feels like CSCO at 55 on the first pullback from the 2000 peak. Eleven years later CSCO traded 18.50 last where you still can't own it.



Silver

"Pick Your Poison"



SILV SILVER SPOT \$/OZ G72 Daily 12/16/10 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 10:18:31

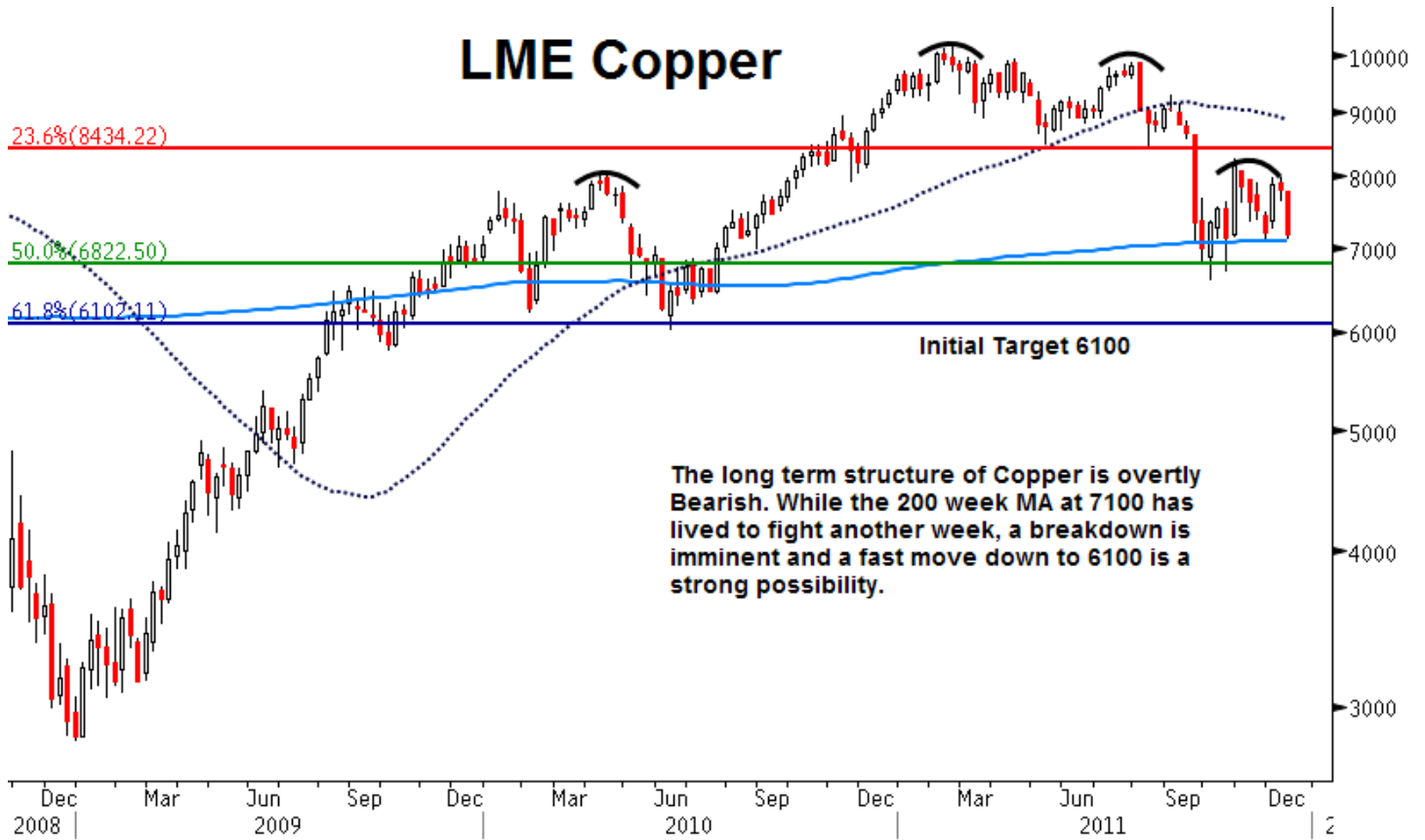
GDX - Gold Miners ETF



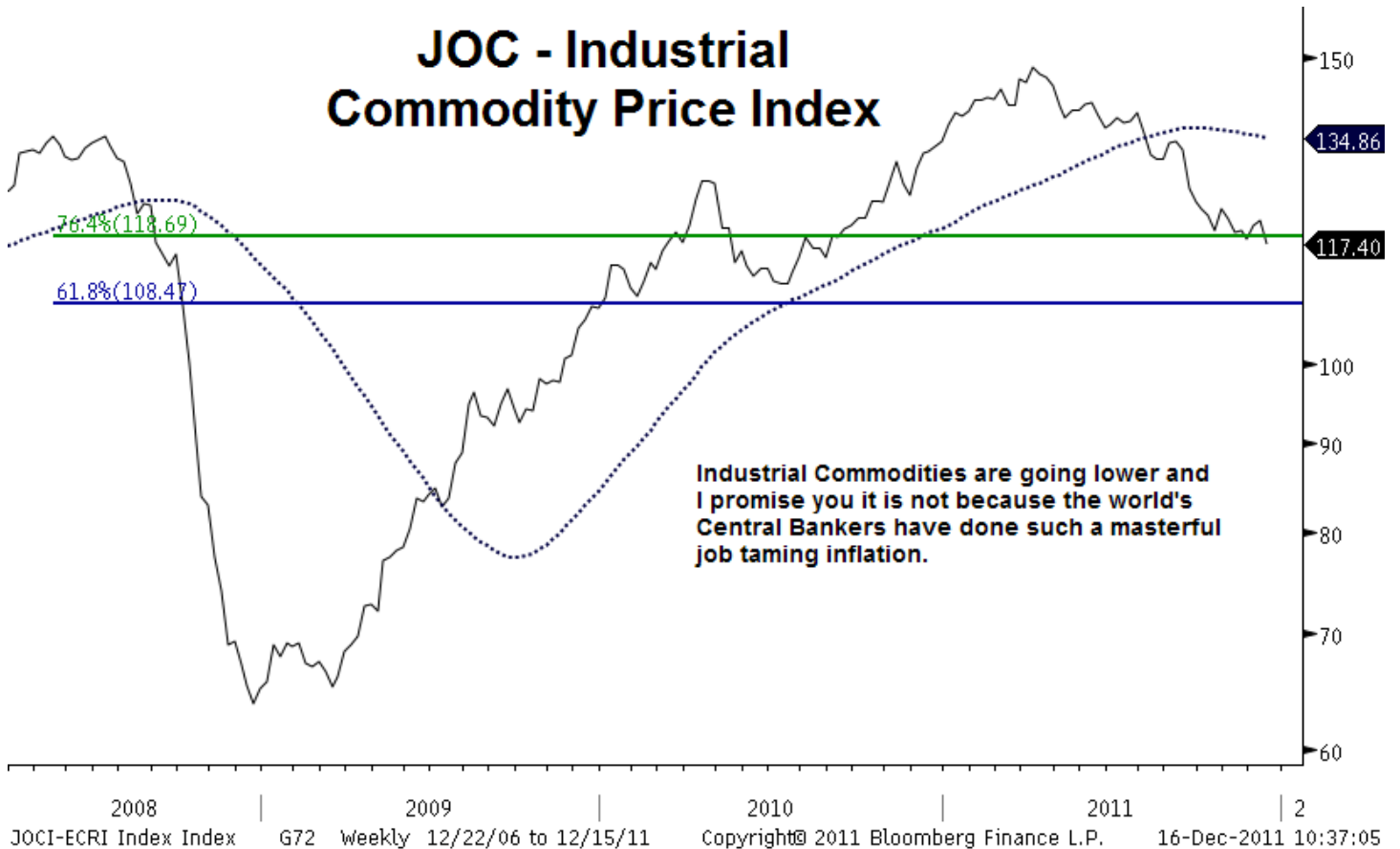
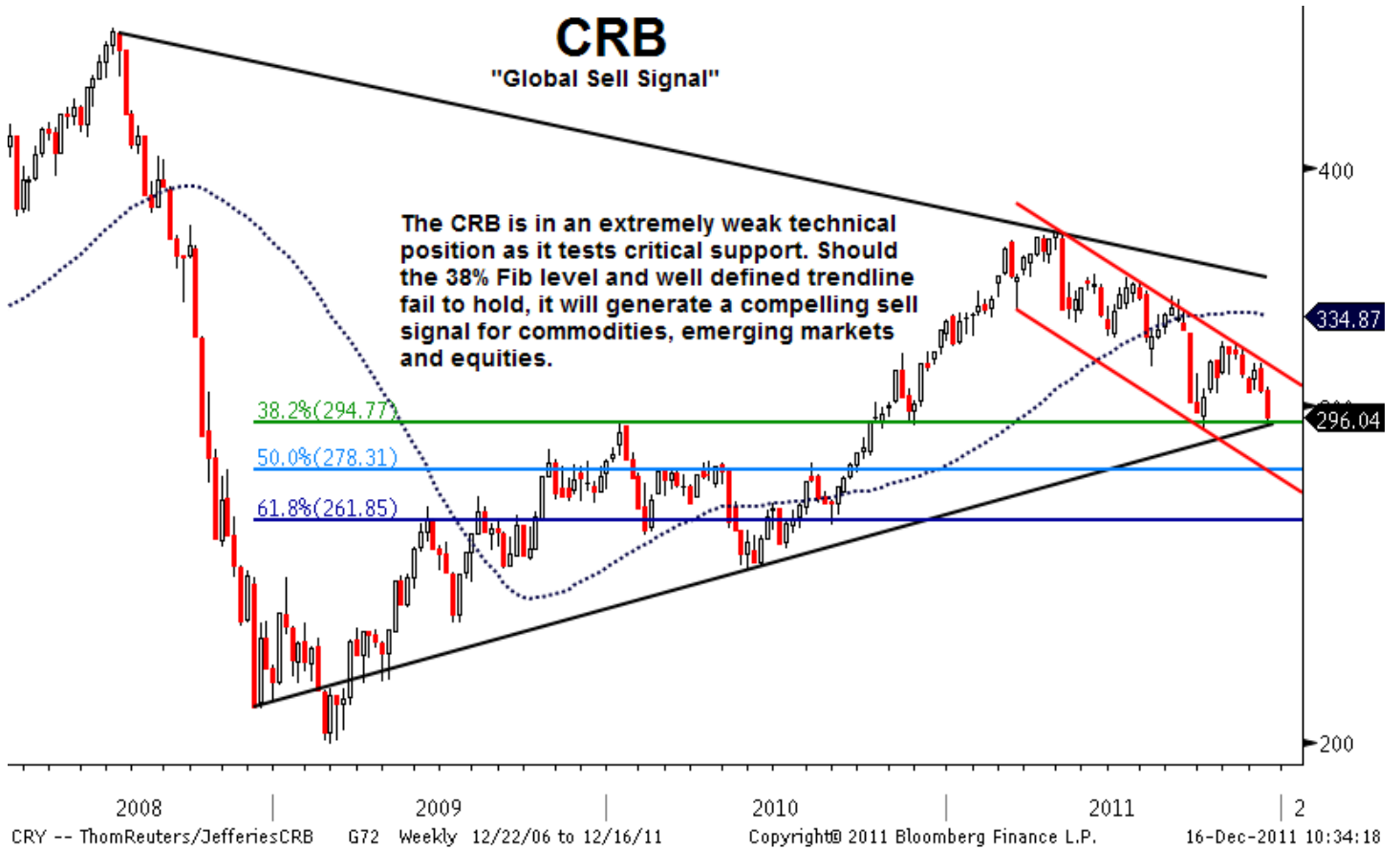
GDX US: Market Vectors Gold Miners ETF G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 10:24:26

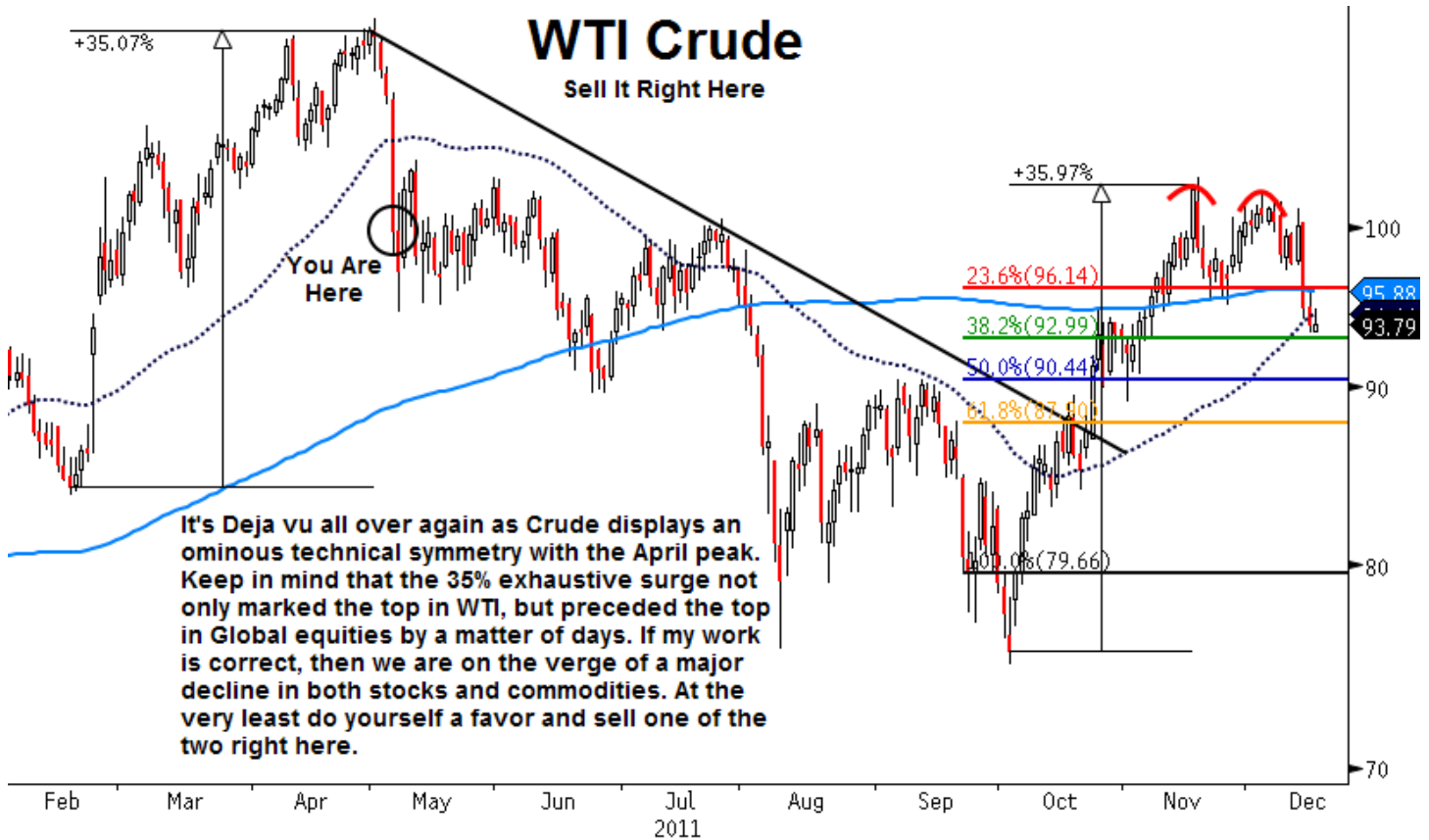


LMCADS03 - LME COPPER 3MO (\$) G72 Daily 12/16/10 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 10:27:35

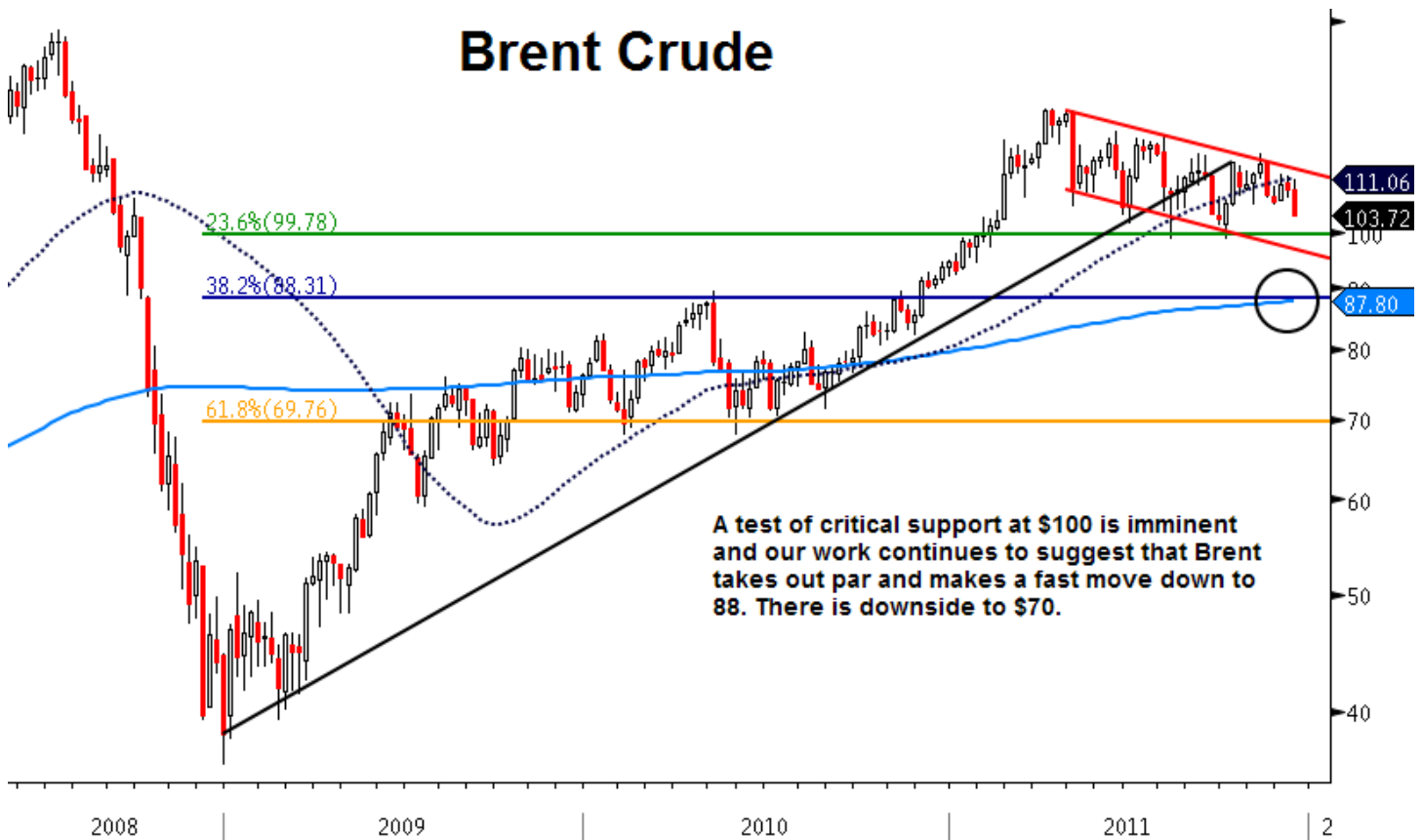


LMCADS03 - LME COPPER 3MO (\$) G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 10:30:23

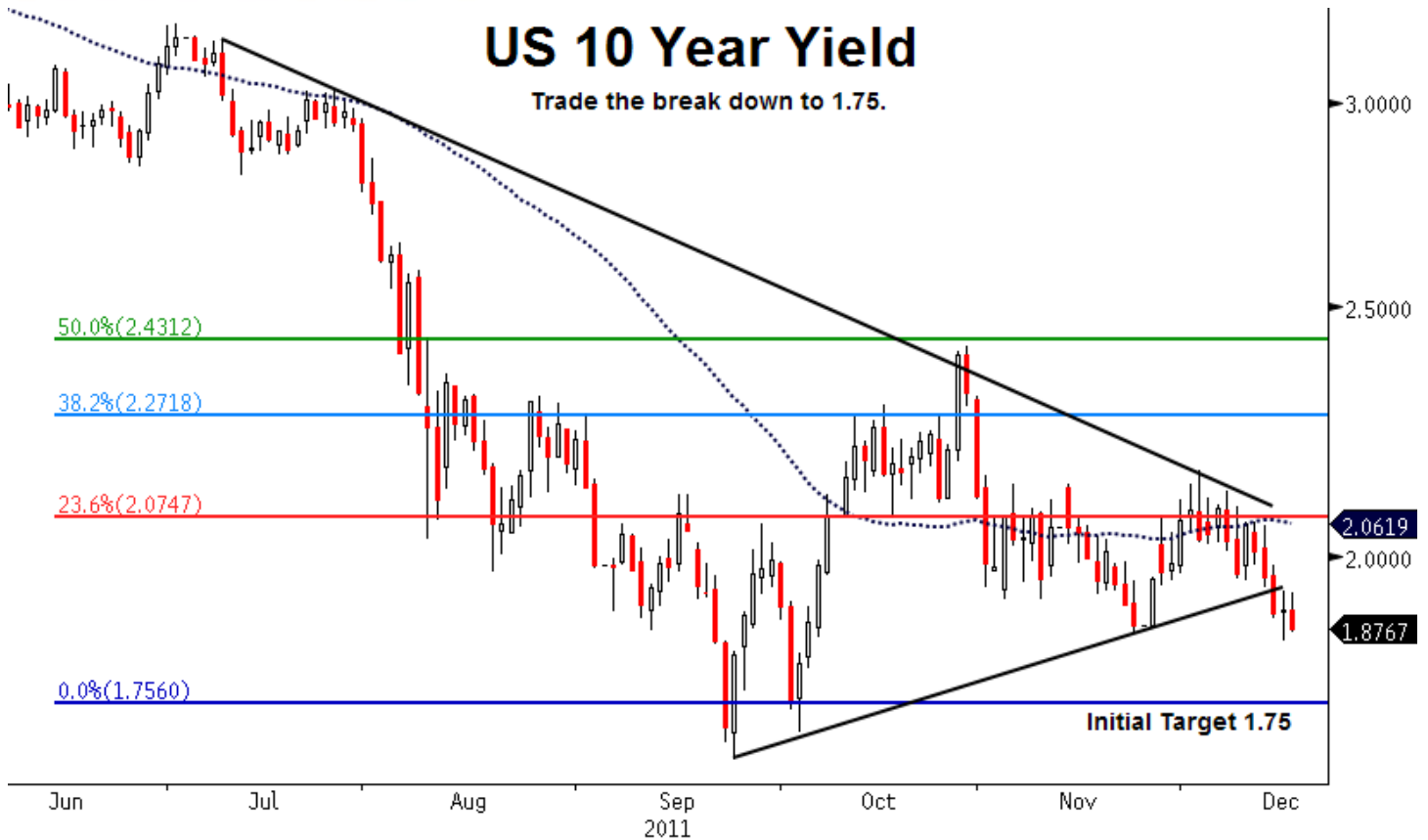




CL1 -- Generic 1st 'CL' Future G72 Daily 12/16/10 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 11:15:21



C01 -- Generic 1st 'CO' Future G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 11:18:59

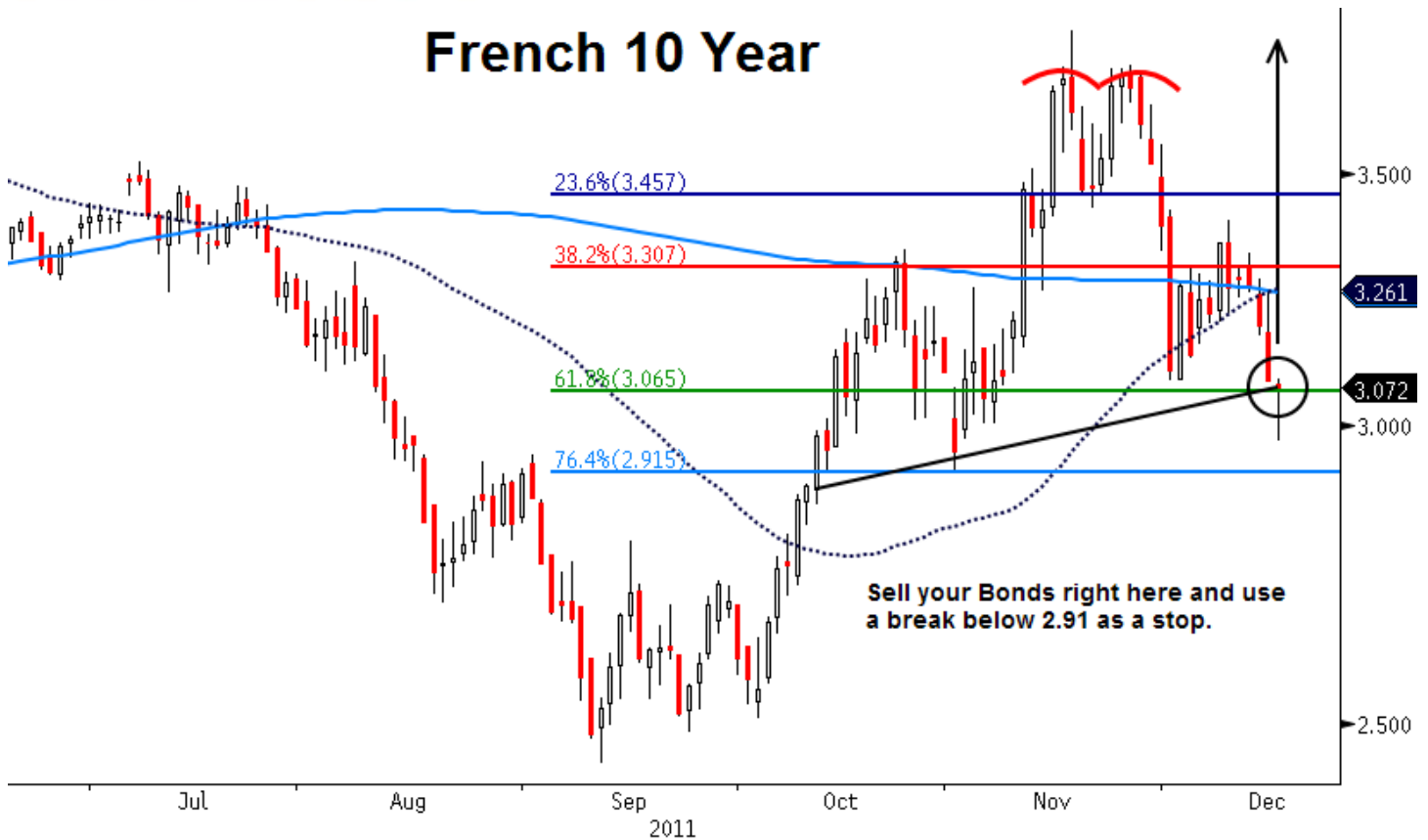


US Generic Govt 10 Yr G72 Daily 12/16/10 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 10:38:57



GERMANY GOVT BND 10 YR DBR G72 Daily 12/16/10 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 10:40:27

French 10 Year



FRANCE GOVT BNDS 10 Yr G72 Daily 12/16/10 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 10:43:56

Italian 10 Year

Sell your bonds and use a close below 6.36 as a stop.



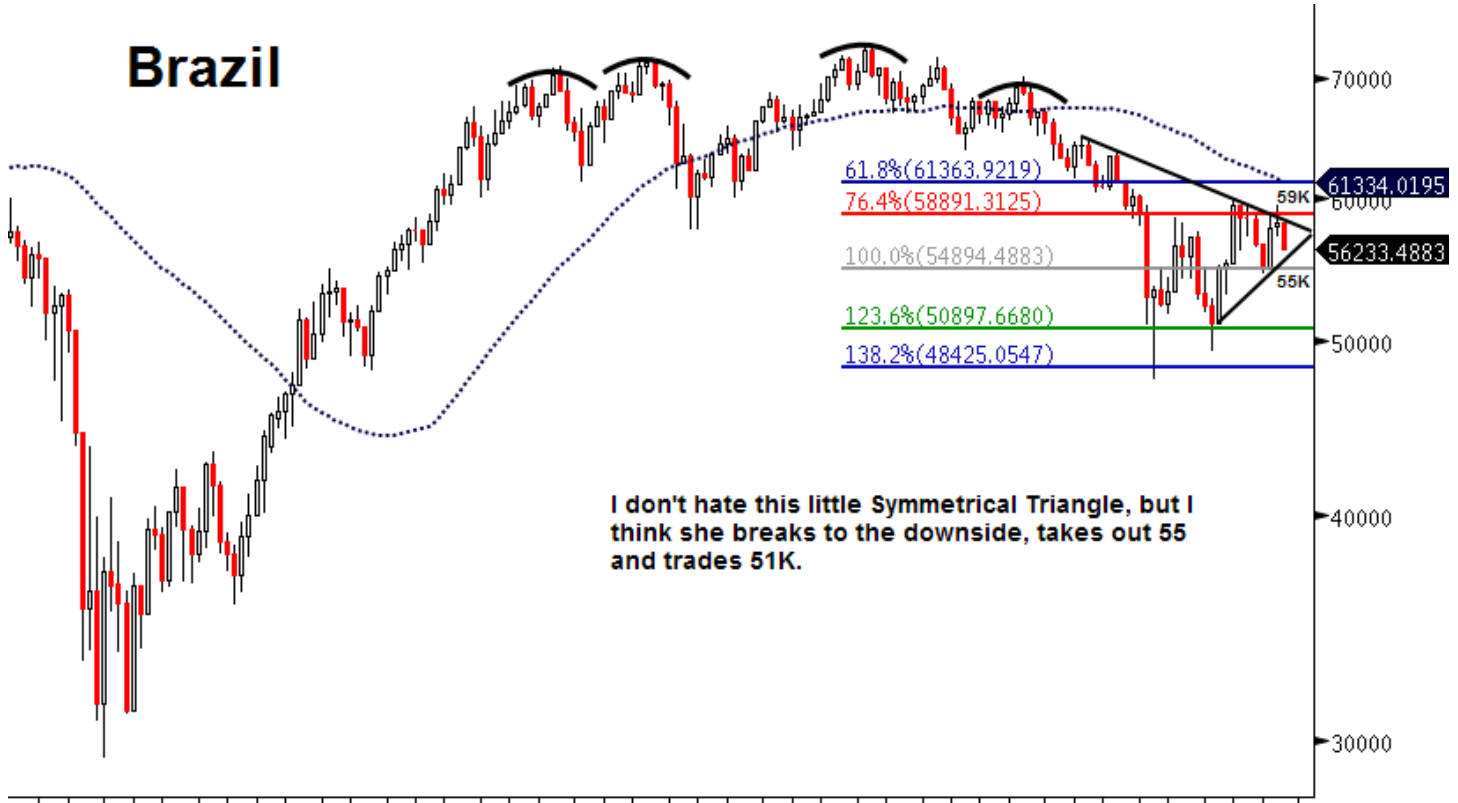
ITALY - GOVT BDS 10Y Grs Yl G72 Daily 12/16/10 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 10:46:34

MSCI EM Index



MXEF -- MSCI EM G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 11:22:20

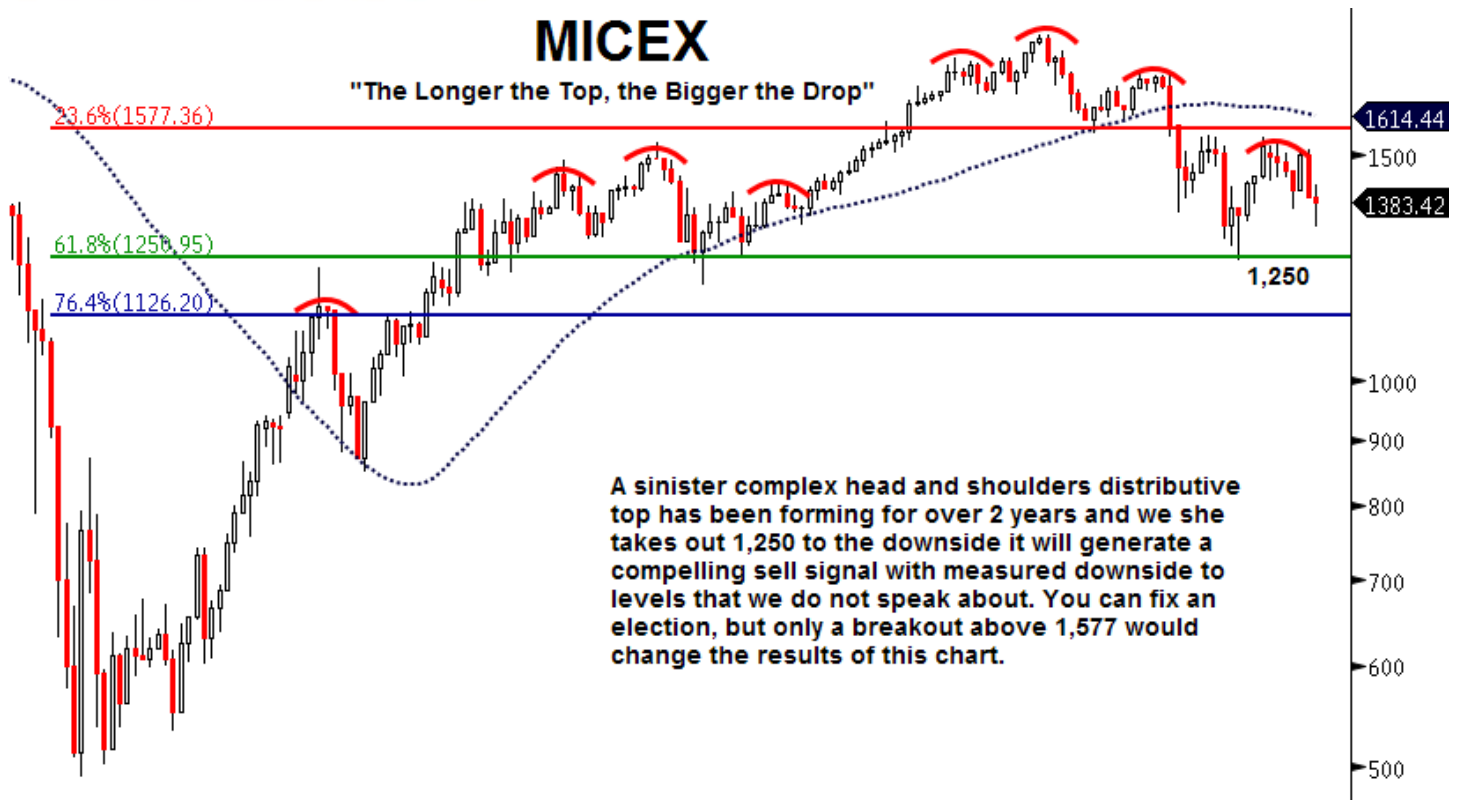
Brazil



IBOV -- BRAZIL BOVESPA INDEX G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 11:25:09

MICEX

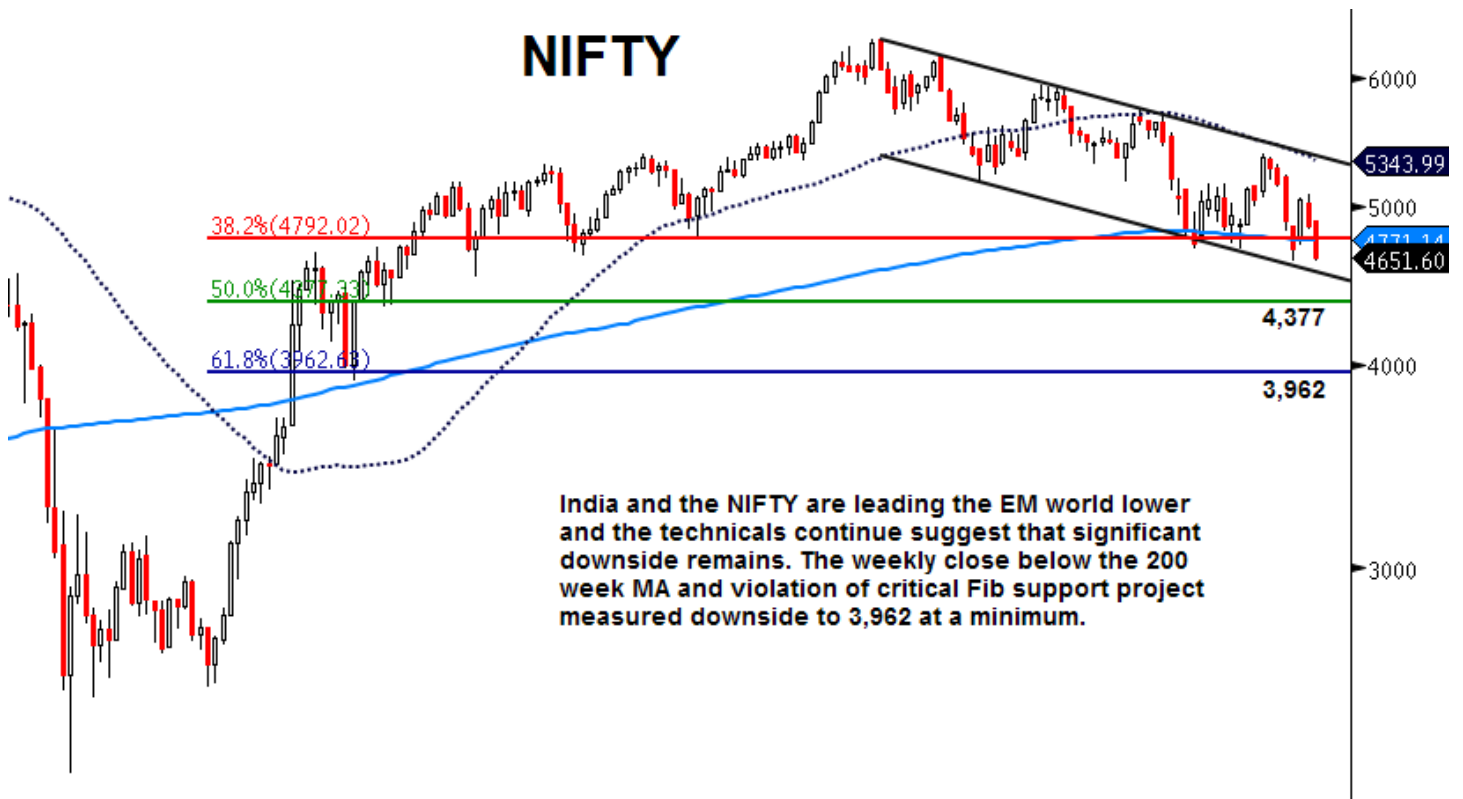
"The Longer the Top, the Bigger the Drop"



A sinister complex head and shoulders distributive top has been forming for over 2 years and we see it takes out 1,250 to the downside it will generate a compelling sell signal with measured downside to levels that we do not speak about. You can fix an election, but only a breakout above 1,577 would change the results of this chart.

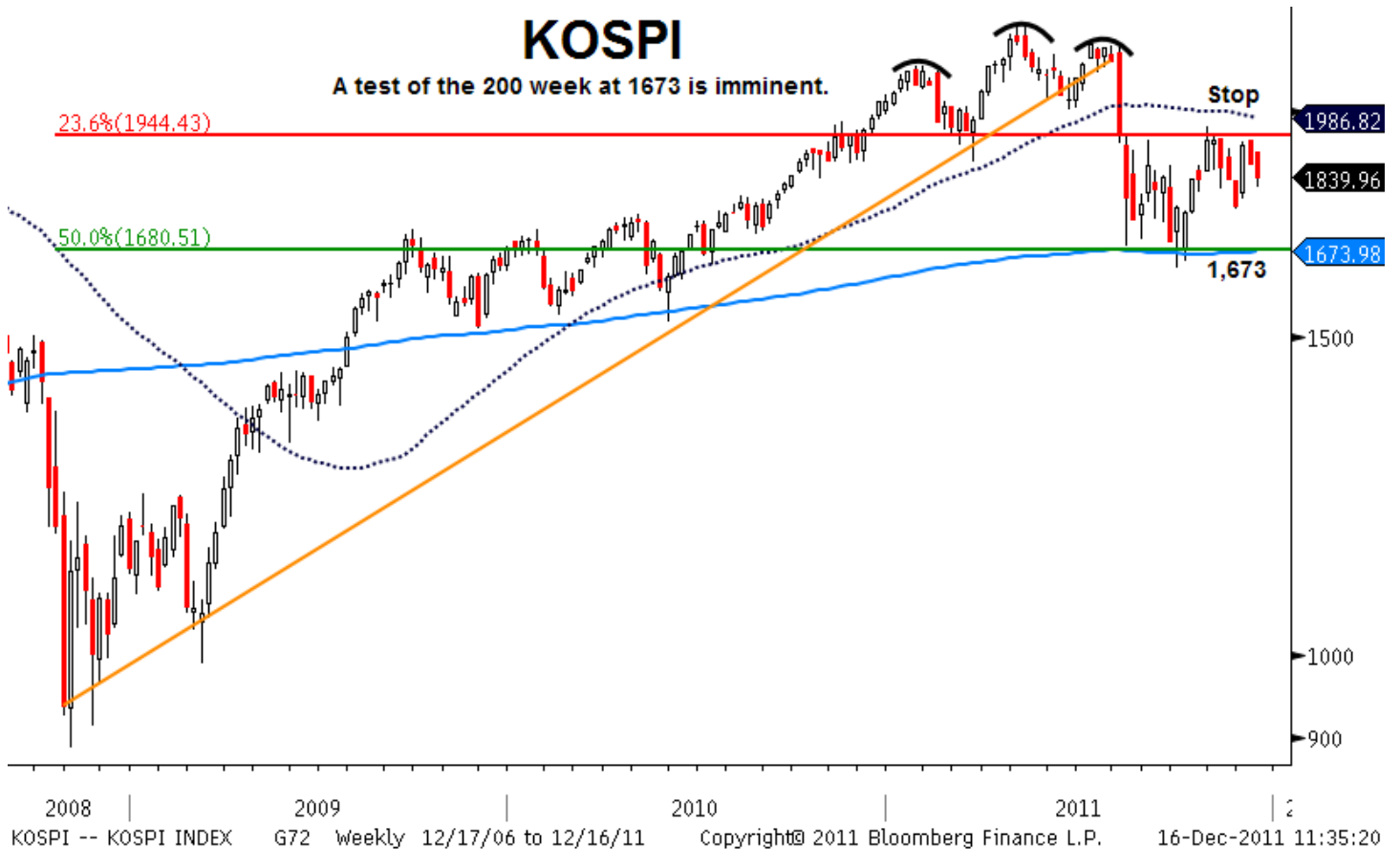
INDEXCF - MICEX INDEX G72 Weekly 12/17/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 11:29:31

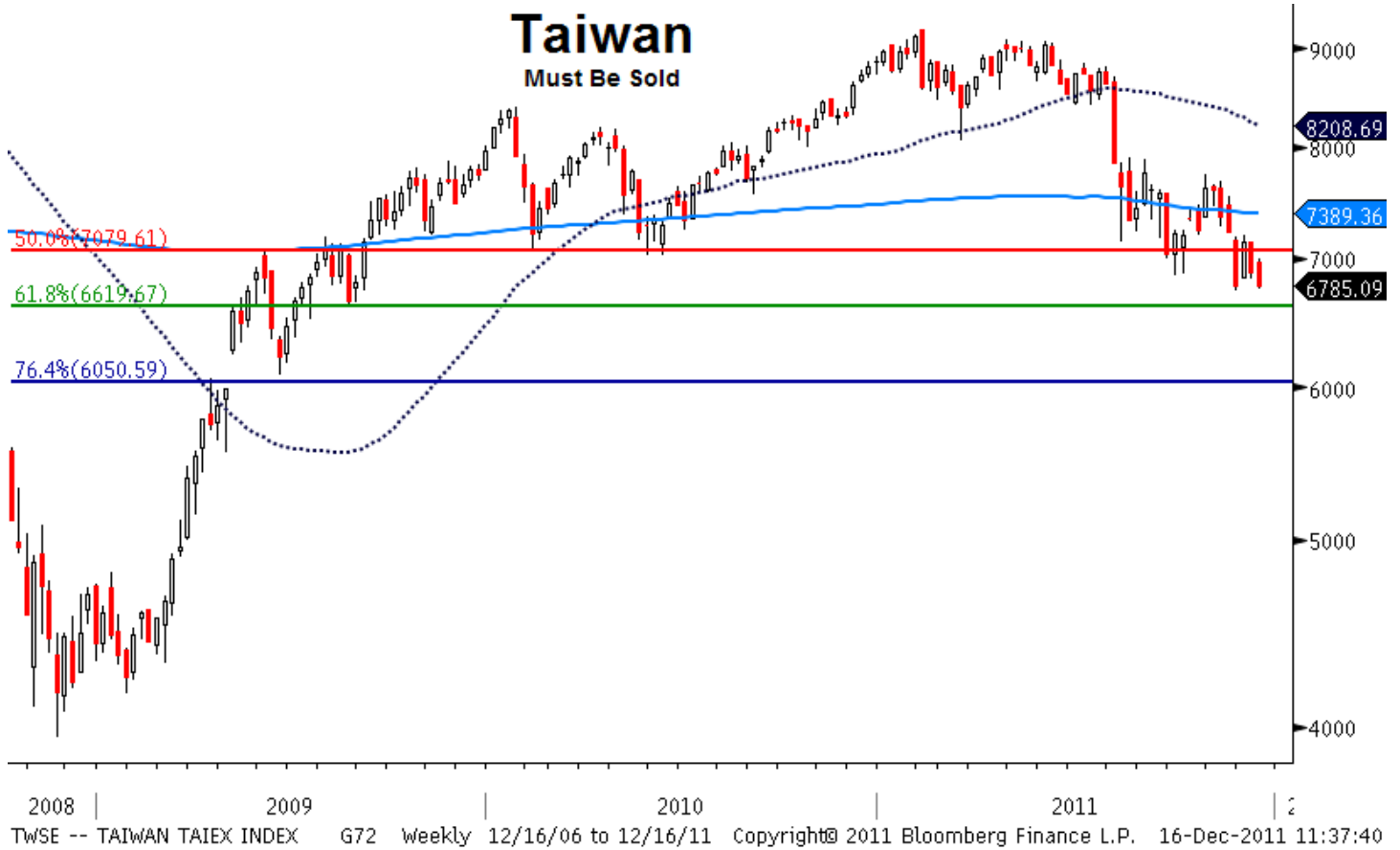
NIFTY



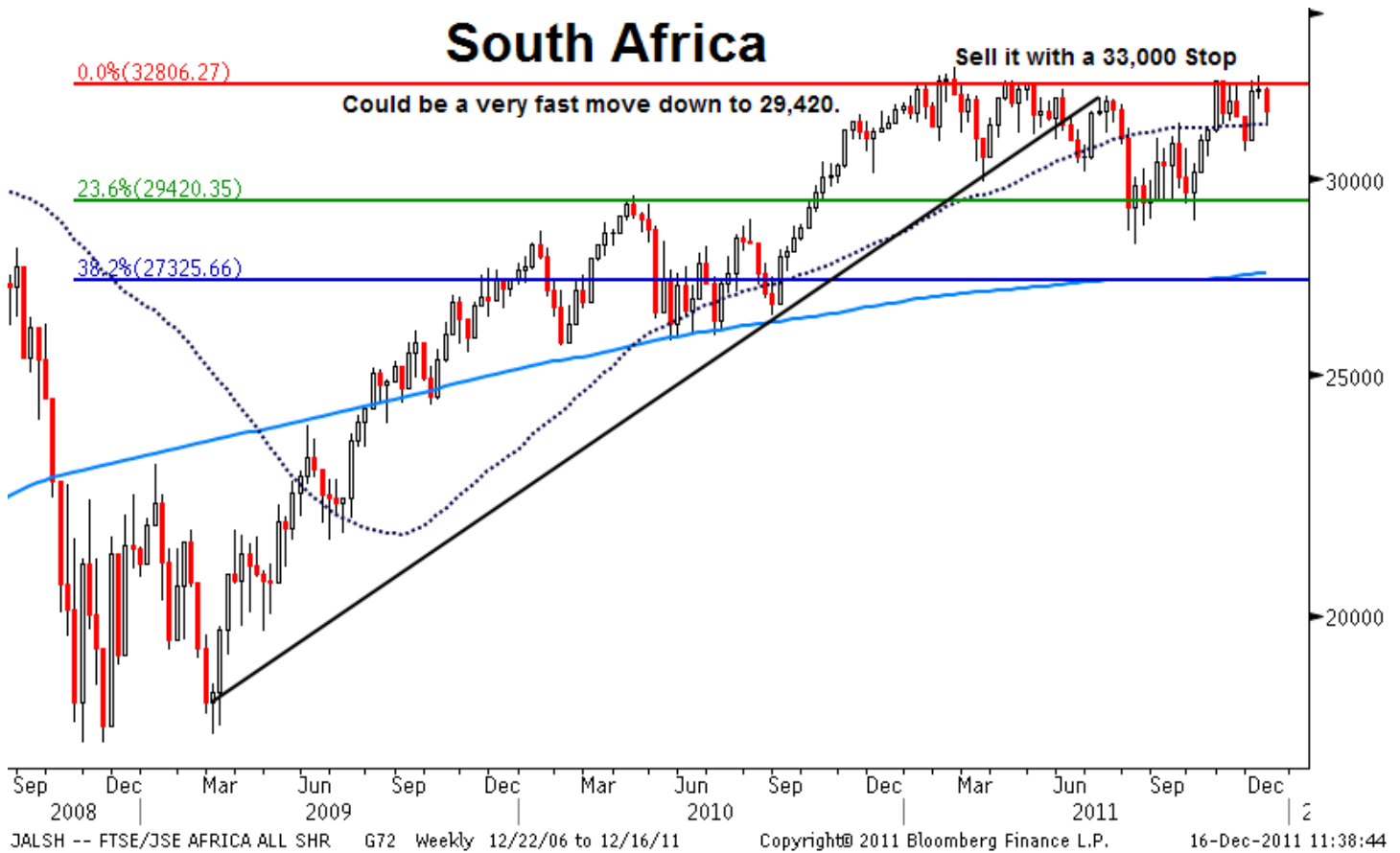
India and the NIFTY are leading the EM world lower and the technicals continue suggest that significant downside remains. The weekly close below the 200 week MA and violation of critical Fib support project measured downside to 3,962 at a minimum.

NIFTY -- NSE S&P CNX NIFTY INDEX G72 Weekly 12/17/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 11:32:08



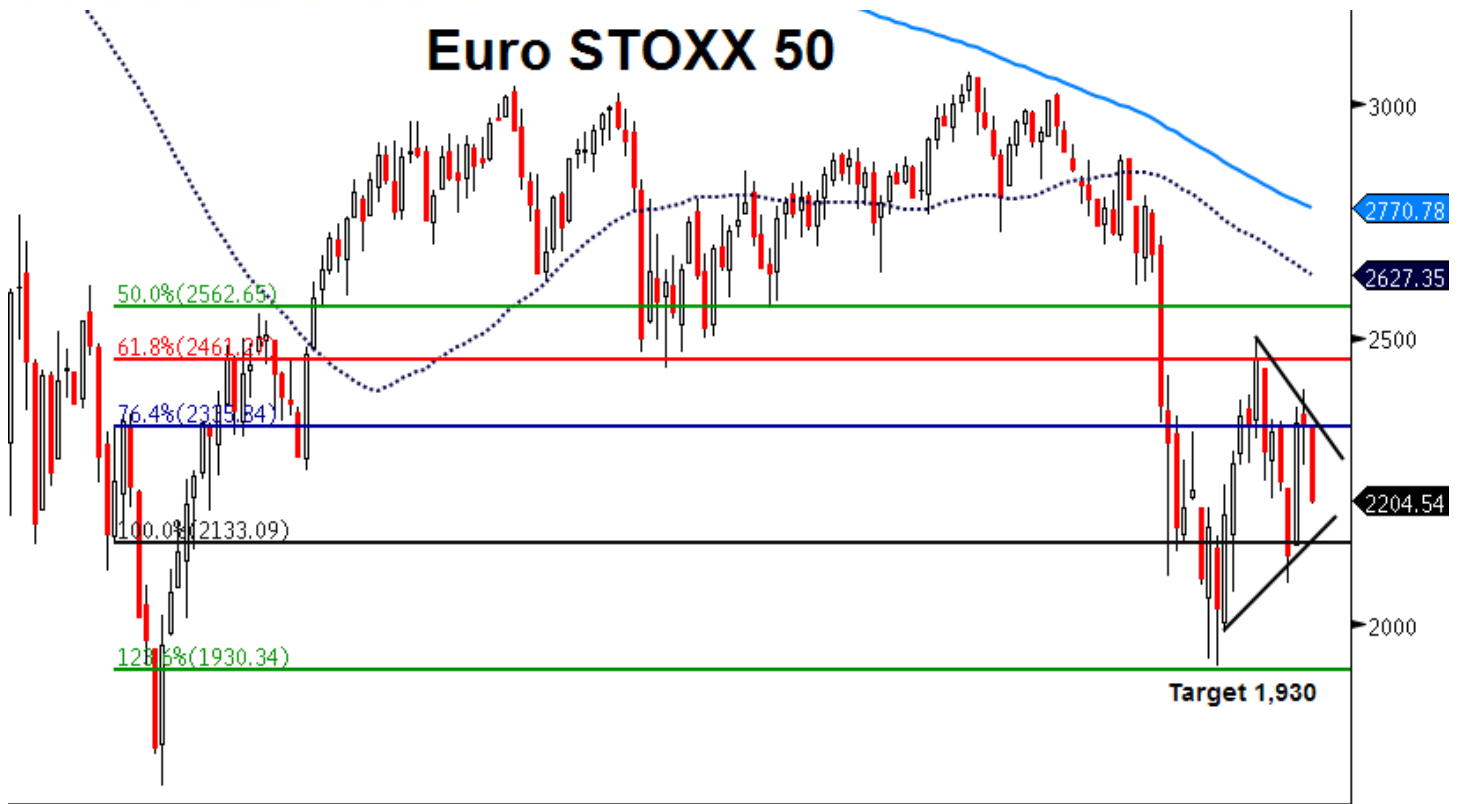


South Africa



Egypt





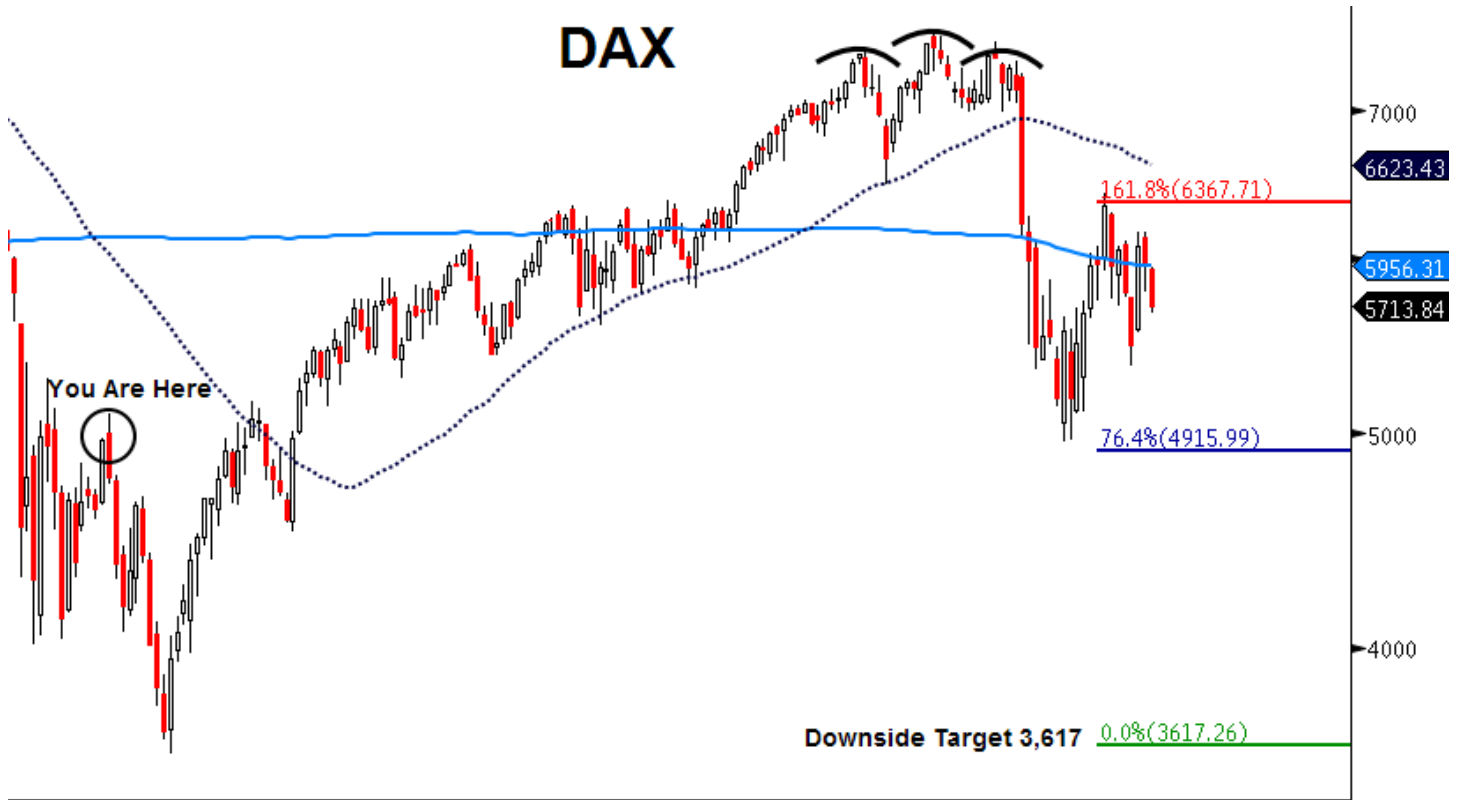
2008 | 2009 | 2010 | 2011 | 2
 SX5E -- Euro Stoxx 50 Pr G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 11:41:43



I will be very surprised if we do not break below 2,000 in the first quarter of 2012. This will be bad.

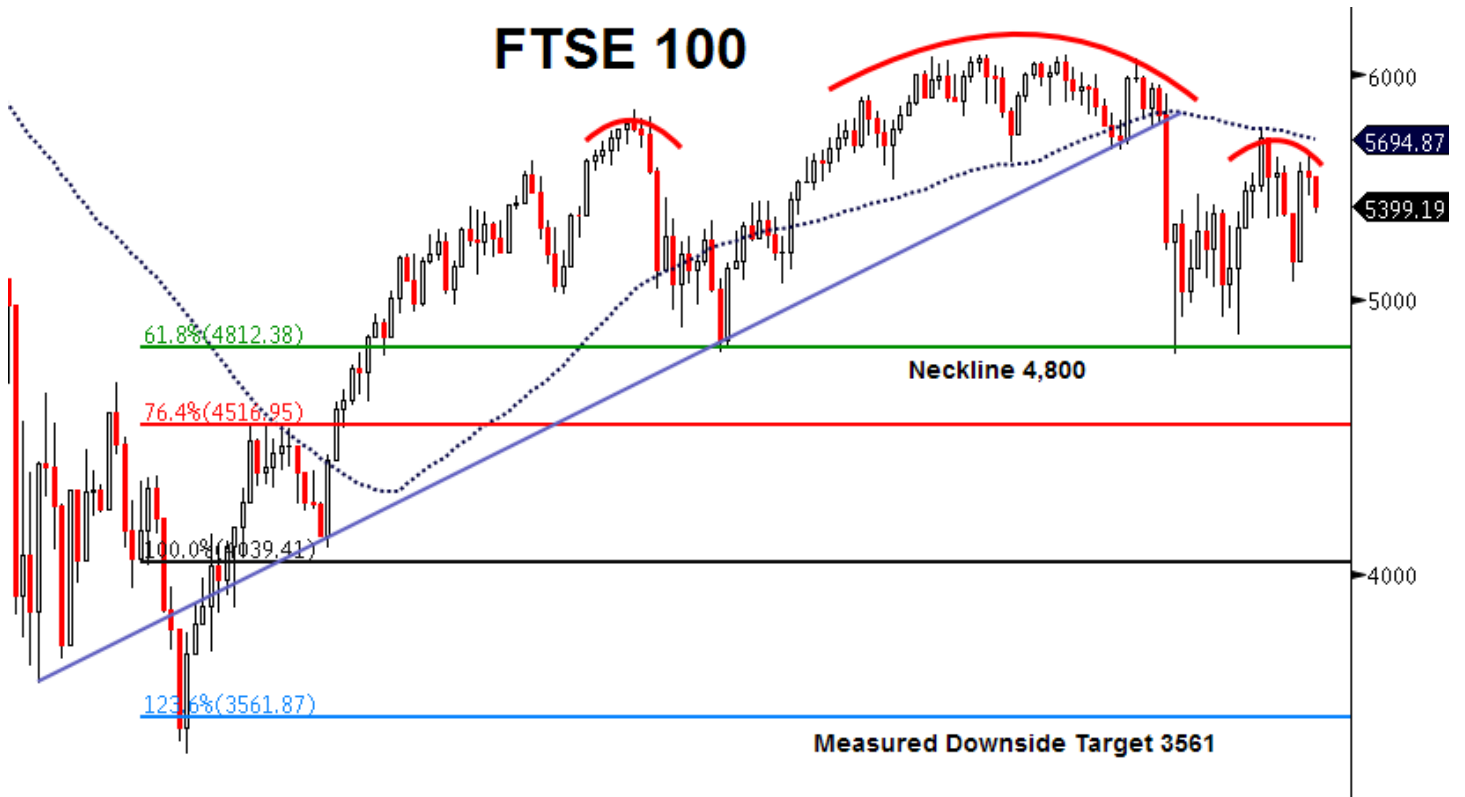
'92 '93 '94 '95 '96 '97 '98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '1
 SX5E -- Euro Stoxx 50 Pr G72 Monthly 12/31/91 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 11:42:58

DAX

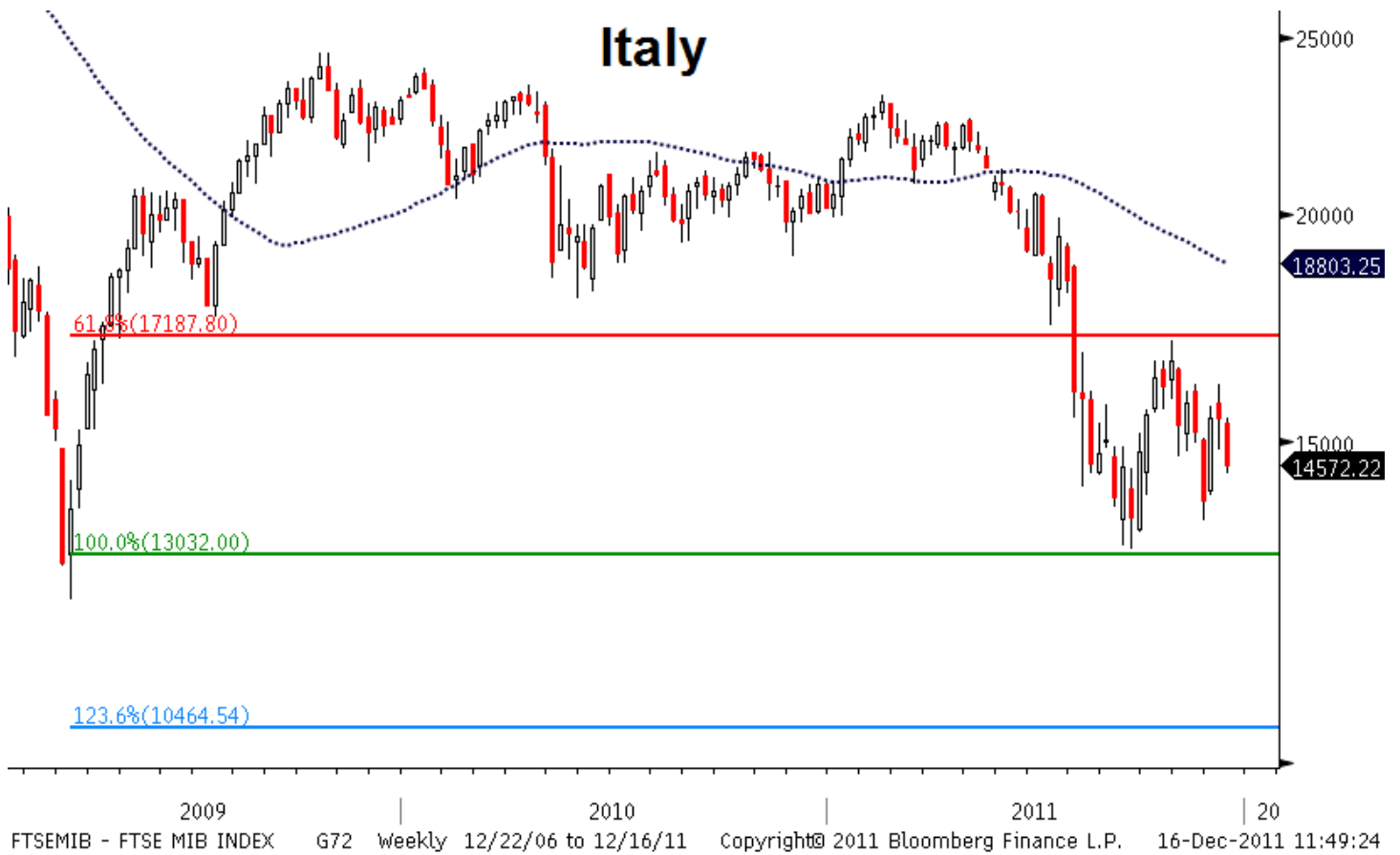
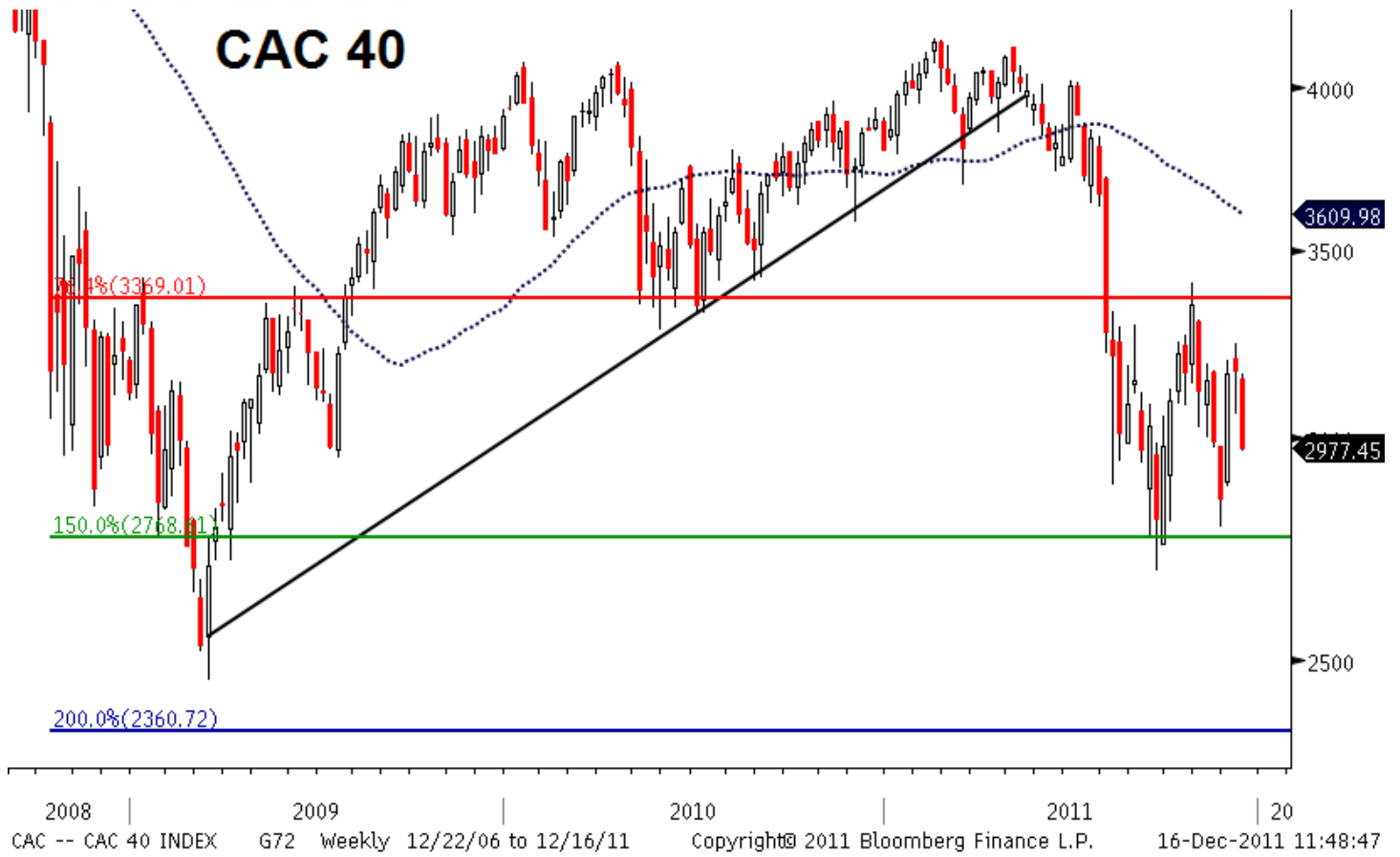


2008 | 2009 | 2010 | 2011 | 2012
 DAX -- DAX INDEX G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 11:46:04

FTSE 100

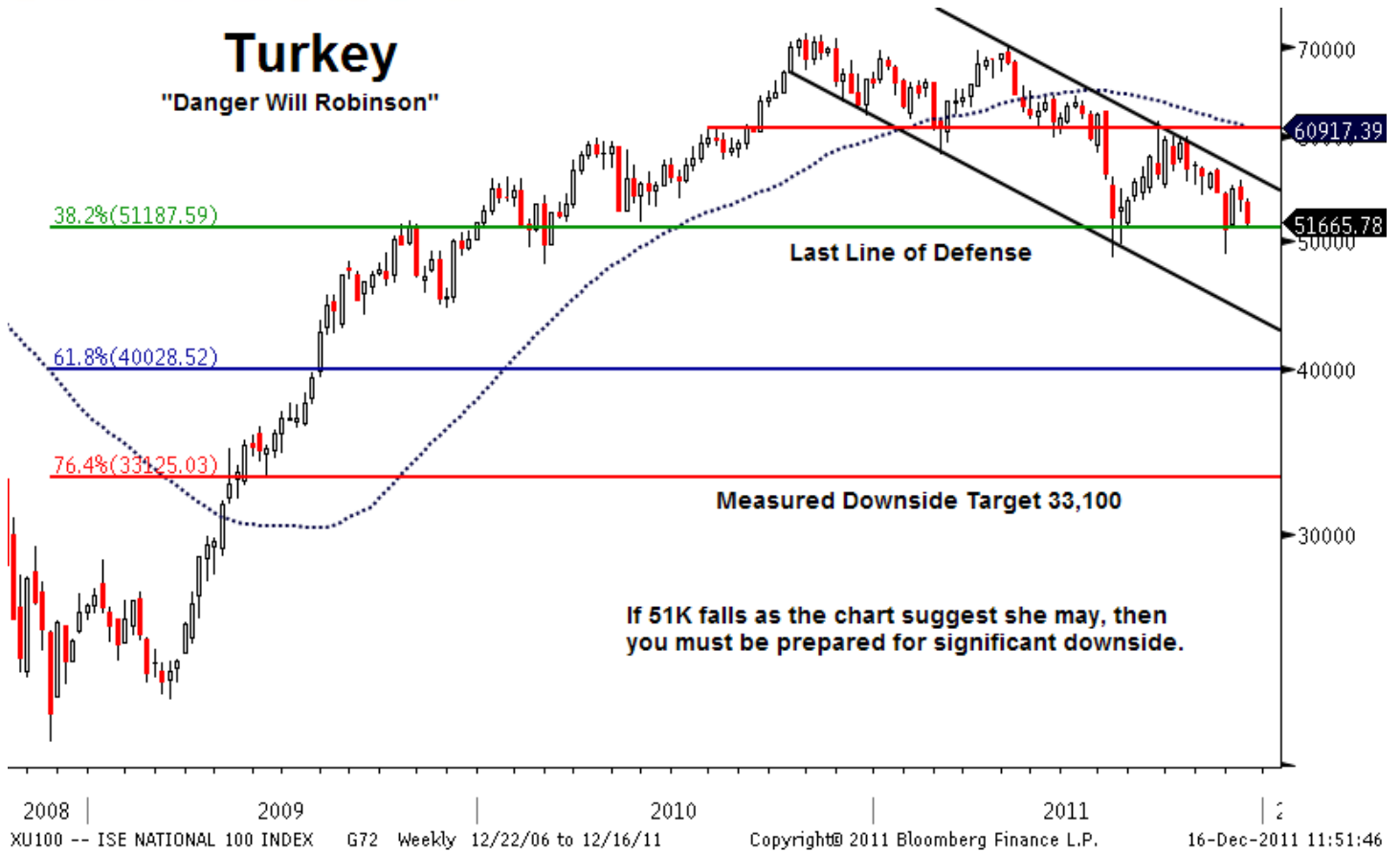


2008 | 2009 | 2010 | 2011 | 2012
 UKX -- FTSE 100 INDEX G72 Weekly 12/22/06 to 12/16/11 Copyright© 2011 Bloomberg Finance L.P. 16-Dec-2011 11:47:41



Turkey

"Danger Will Robinson"



Greece



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