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## Eerie comparisons to the crash of 2008

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By Peter Brimelow

Commentary: Aden Forecast is really worried

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DJIA -1.67% SPX -0.80%

NEW YORK (MarketWatch) — When a top letter says that the “similarities to 2008 are becoming almost eerie, you just have to pay attention.

First the good news — sort of.

Last Thursday night, the Aden Forecast commented: “The stock market bounced up today and it could rise further in the short term. The Dow Jones Industrial Average DJIA, -1.67%, for instance, reached a four week high today, and it could rebound up to 12850, along with the S&P 500 Index SPX, -0.80% probably to about 1350. Nevertheless, the market is vulnerable and it’s still quick to react to the news of the day. So continue to stand aside.”



Mary Anne Aden (L) and Pamela Aden write the Aden Forecast

Unfortunately, this is nothing that the Aden Forecast did not allow for in its apocalyptic monthly issue published the previous Tuesday. It wrote:

“Aside from short-term ups and downs, which are normal, it looks like stocks are headed lower, as well as the currencies. Bonds and the U.S. dollar are the safe havens, and along with gold, they’ll all likely rise further. This tells us the world economy is in trouble. Since many of these markets lead the economy, they’re signaling a recession is probably coming unless

the Fed takes strong action to stimulate the economy...very soon. A financial shock has also become more probable.

“Increasingly, the similarities to 2008 are becoming almost eerie. We may be wrong, but the markets are poised for this and while we don’t know what the trigger will be, it could be almost anything.”

The Aden Forecast's editors, sisters Pamela and Mary Anne Aden, added:

"Currently, our gut feel is that if an accident is coming, it'll likely happen this year. Again, it could be a wild card. One example is the explosion of the derivatives markets. ...The popularity of derivatives has skyrocketed within the financial industry. In the past 12 years, derivatives have grown 10 times faster than world GDP to the tune of \$200 trillion for U.S. banks, which is three times the world's GDP! This is

a reckless accident waiting to happen and J.P. Morgan's \$2 billion loss this month may have been the tip of the iceberg."

They concluded:

"Highly probable is the likelihood that the crisis in 2007-08 remains in process. It never ended.

"Oh sure, it was temporarily postponed by all of the Fed's stimulus but now it's continuing on its way as the major trend exerts itself."

I named the Aden Forecast as Letter of the Year in 210. Adens are real professionals, combining a powerful long-term apocalyptic analysis with an intense determination to profit from short-term eddies, and the great respect for the (temporary) power of the official sector typical of gold bugs who survived the yellow metal's post-1980 bear market.

[Read my column about naming the Adens as Letter of the Year in 2010.](#)

[Read "Aden sisters think stocks still rule."](#)

That's why the Adens's new bearishness is significant. Although their tactical aggression caused them to lose money in the crash of 2008, their adroitness saved them from the terrible damage suffered by other gold bugs. And they were quick to sense that the crisis had passed.

[Read "Aden sisters still jumpy."](#)

The Adens acknowledge:

"An upcoming QE3 program could temporarily save the day and if it does, we'll then change our position. But for now, we'll let the market do the talking and it's saying to stay out."

Perhaps ominously in view of the Greek election, they added:

“The markets are primarily focused on Europe. And as long as that’s the case the U.S. is the safe haven.”

The Adens currently recommend asset allocations of 20% cash, 40% precious metal vehicles, 40% long term US government bonds