



GETTING TECHNICAL

Professional Market Technicians

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Like It or not – we are at war.

“DAY OF TERROR”

The Toronto Star, Wednesday, September 12, 2001.

“A day of infamy”

THE GLOBE AND MAIL, Wednesday, September 12, 2001

The horrific events of September 11, 2001 will impact investors, perhaps for several years, but in the end our society and our secure way of life will be preserved.

I do take issue with the Globe’s description of the cowardly attack on New York’s World Trade Center as .. “ushering in a chilling new age of terror”. Post WW II terrorism is not new, it is only on a larger scale and it has finally reached American soil. The United States and the Western Democracies have the technology and - most important - , the will to finally go to war against terrorists. We will win that war, but in the interim individual investors may have to rethink their investment strategies.

The Short Term Impact of War on Terrorism:

There will be a temporary loss of confidence in financial assets and the consumer may divert spending to only the necessities of life. The sudden loss of the World Trade Center could leave many institutions holding worthless mortgages and debentures. The loss of life and property causes many casualty insurers to be potentially liable for billions in claims. The U.S. Fed will rush in to flood the financial system with money to restore confidence and liquidity, Oil and gold prices may spike higher, The shares of banks, brokerage, insurance and retail stocks may fall. The shares in energy, gold, metals, technology and defense contractors may rise. Some influential analysis will predict a global recession.

The Long Term Impact of The War on Terrorism:

The Fed’s intervention restores liquidity to the financial markets Order is restored and the consumer unleashes the postponed spending on luxury and durable goods. A recession is avoided. Financial and consumer shares rally. Inflation accelerates as a war time economy is accompanied by a Fed fearful of recession. World stock markets post strong advances. Commodity prices rise. Interest rates rise. Two long term themes begin to evolve.

Fortress North America – The Quiet Agenda:

The North American trading partners will more to reduce “foreign” dependence on energy and strategic materials. Immigration from selected non English speaking countries will be restricted. Information sharing with selected non English speaking countries will be restricted. The beneficiaries will be Canada’s natural resource companies – lumber – energy – metals. Small domestic technology companies will get preferential treatment from governments and domestic multinational corporations.

A Move to Decentralization Spawns the New Internet:

Governments, and large corporations act to disperse their assets and management teams. This will ensure that an event like an earthquake or act of war is not fatal to their operations. The new internet allows corporations to divert operations and information to safe locations. The new internet will be dominated by corporations, it will need new hardware and new security. Technology stocks emerge as leaders of the new economy. Many indices advance to post March 2000 highs. - BillC

The opinions are based on technical analysis and more information should be obtained before making an investment decision. There is no such thing as a perfect investment and there is no such thing as a perfect recommendation.

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