

BUSINESS INSIDER

The Money Game

Dow Theorist Richard Russell: Sell Everything, You Won't Recognize America By The End Of The Year

Joe Weisenthal | May 18, 2010, 8:57 AM | 233,661 | 228

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WHOA!

Richard Russell, the famous writer of the [Dow Theory Letters](#), has a chilling line in today's note:

Do your friends a favor. Tell them to "batten down the hatches" because there's a HARD RAIN coming. Tell them to get out of debt and sell anything they can sell (and don't need) in order to get liquid. Tell them that Richard Russell says that by the end of this year they won't recognize the country. They'll retort, "How the dickens does Russell know -- who told him?" Tell them the stock market told him.

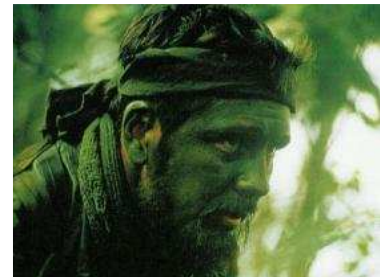


Image: US Army

That's pretty intense!

Update: By popular demand, here's more on what he sees in the market. The gist is that the markets recent gyrations are telling him that the economy is in trouble:

And I ask myself, "Am I seeing things? The April 26 high for the Dow was 11205.03. The Dow is selling as write at 10557 down 648 points from its April high. If business is even better than expected, then why is the Dow down over 600 points? And why, if there were 674 new highs on the NYSE on April 26, were there only 20 new highs on Friday, May 14? And if my PTI was 6133 on April 26, why is it down 17 points since its April high?"

The fact is that I've been seeing deterioration in the stock market ever since early-April, and this in the face of improving business news. The D-J Industrial Average is composed of 30 internationally known top-quality blue-chip stocks. These are 30 of "America's biggest companies." If Barron's is so bullish on the future of America's biggest companies, then why isn't the Dow advancing to new highs?

Clearly something is wrong. But what could it be? Much as I love Barron's, I trust the stock market more. **If I read the stock market correctly, it's telling me that there is a surprise ahead. And that surprise will be a reversal to the downside for the economy, plus a collection of other troubles ahead.**

About Dow Theory -- First, we saw the recent April highs in the Averages. Then we saw a plunge in both Averages to their May 7 lows -- Industrials to 10380.43, Transports to 4298.12, next a short rally. If ahead, the two Averages turn down and violate their May 7 lows, that would be the clincher. Such action would signal the certain resumption of the primary bear market.

Just as for years I asked, cajoled, insisted, threatened, demanded,

that my subscribers buy gold, I am now insisting, demanding, begging my subscribers to get OUT of stocks (including C and BYD, but not including golds) and get into cash or gold (bullion if possible). If the two Averages violate their May 7 lows, I see a major crash as the outcome. Pul - leeze, get out of stocks now, and I don't give a damn whether you have paper losses or paper profits!

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The Goy on May 18, 9:01 AM said:

181 **21**
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When an 86 year old guy who has been writing about the markets for 50+ years tells you something, it pays to listen.

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Ricky on May 18, 9:39 AM said:

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@The Goy:
Richard Russell simply predicted a HARD RAIN coming.

People will buy umbrellas and go about their business.

The man is an old geezer who is still shell shocked from the depression.

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Edward on May 18, 10:10 AM said:

21 **25**
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@The Goy:
Russell called for a major bull market in 2007, changing his mind after being bearish for 5 years. He is Mr Panic. Not a trader anymore.

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Ivan on May 18, 10:19 AM said:

50 **6**
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